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Chair

Mr. Tom Lukiwski

Standing Committee on Government Operations and Estimates

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• (1530)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, ladies and gentlemen, welcome to meeting 27 of the Standing Committee on Government Operations and Estimates as we continue our study of Canada Post.

I have a couple of quick housekeeping points first. As all of you know, we were originally scheduled to meet today from 3:30 to 6:30, but because of votes that were unanticipated at the time this meeting was called, votes will be held at 6 p.m. The bells will start ringing at 5:30. Now, normally it is the practice of all committees to adjourn their committee proceedings immediately upon bells. However, since we have a number of organizations who were scheduled to be here for two hours, we'd be shortchanging them by approximately an hour.

I will take the advice of the committee. Since we're only a few steps down from the House of Commons, would the committee agree to wait until 5:45 p.m. to adjourn? I know it's only an extra 15 minutes, but at least it gives our colleagues, who have been here to present in anticipation of a two-hour session, an extra 15 minutes.

Do I have the concurrence of the committee to allow us to adjourn at 5:45 instead of 5:30?

Some hon. members: Agreed.

The Chair: Thank you very much.

With that, we'll commence immediately with our first set of witnesses.

Mr. Chopra, thank you for being here. We'll get this proceeding started as quickly as possible. I understand you have a brief opening statement, and then we'll go directly into questions and answers.

Mr. Chopra, over to you, please.

Mr. Deepak Chopra (President and Chief Executive Officer, Canada Post Corporation): Thank you, Mr. Chair.

I'd like to thank the members of the committee for inviting us today. I have with me our chief financial officer, Mr. Wayne Cheeseman, and Madam Susan Margles, our vice-president of government relations and policy.

I have a few remarks, and then we'll open it up for questions.

I want to thank the independent task force for its thoughtful report. The members of the task force clearly understand the significance of

this national institution. They based their analysis and options on a solid understanding of the size, scope, and complexities of the postal system and its importance to Canadians. They have provided Canadians and this committee with a report that is comprehensive, well researched, and thoughtful. It is a frank report in its assessment and bold in its analysis. The task force has also provided us with indisputable facts upon which any discussion on the future of the postal system should be based.

First, the report has left no doubt that there is an urgent need to transform the business. With every passing year, there is less mail to deliver and more addresses for us to deliver to. Second, Canadians like their postal service and they want it to remain strong, but not subsidized with their tax dollars. Third, parcels are the future of the company because that's the service that Canadians want and need. Mail will always be important to Canadians, but they are using Canada Post more to deliver the items they buy online. We're growing our parcel business because we're not only delivering more and more products from Canadian and global companies, we are also opening global markets for Canadian businesses. The benefits go far beyond Canada Post.

Fourth, there are no easy solutions. The good news is that Canadians clearly understand that. They understand that the postal system needs to change, and they aren't afraid of what's required to do it. They know that mail isn't coming back, but they don't want the postal system to disappear. In fact, they want to know that this important institution is secure for generations to come.

That makes the work of this committee incredibly important, not just to the future of the postal system, but for the Canadian economy. As chief executive officer of Canada Post, I understand the tremendous responsibility that has been placed on this committee, on the government, as well as on all of us charged with leading this organization. We must get this right. This is about much more than mail and parcels, or even a nostalgic attachment to a 250-year-old institution. It's about people's livelihoods and their dependence on a strong and vibrant national postal system.

There are 50,000 people who work at Canada Post, with families, mortgages, and commitments, who depend on the company they helped to build. They want to see Canada Post evolve and grow as well. On a larger scale are the countless Canadians whose livelihoods depend on a strong and reliable postal system. Canadian small businesses still regularly use the mail to conduct their operations: cheques, invoices, statements, and special customer offers. They send and receive these envelopes every day.

Our direct mail business is also incredibly important to Canadians, which is why it still generates \$1.2 billion in revenues. It helps small businesses reach their customers in their local neighbourhoods. Direct mail is used extensively and successfully by charities to raise much-needed funds. It is also widely used at all levels of government to communicate information to their citizens. In our parcel business, the dependence on a postal system is becoming even stronger. Our parcel volumes are growing because the Canadian retail industry is going through a huge, disruptive change as Canadians do more and more of their shopping online.

The Canadian retail industry is a significant contributor to the Canadian economy. According to the Retail Council of Canada, total Canadian retail sales in 2015 were roughly \$516 billion.

• (1535)

We're doing everything we can to help Canadian retailers, large and small, in our biggest cities and in our smallest communities, including the north, to evolve, prosper, and grow, but they need a strong and vibrant postal system to do it.

We deliver two out of three parcels that Canadians order online. We are deeply embedded in the new Canadian retail economy.

We work closely with Canadians who have risked it all to start a small business, often out of their garage. Their investors are their friends and relatives, who pitch in because they believe so strongly in what they're doing. We do more than deliver the parcels they pack themselves. We help them to innovate and grow. After all, the more successful they are, the more successful we are.

As they grow, we help them transition beyond the start-up phase so they can focus on hiring more people and expanding. We have helped some owner-operator small start-ups become multi-million dollar enterprises with large staffs and strong futures.

As well, you can name virtually any large retailer in Canada, and chances are we're working with them to help them adapt to the changing face of retail. Many Canadians depend on these large retail companies making a successful transition into e-commerce.

I know first-hand that change isn't easy, but the task force has reaffirmed the path that we were taking was moving us in the right direction. They have also detailed the challenges that are driving the need for change at Canada Post.

Over the past decade, mail volumes have declined by 32%, or 1.6 billion pieces. That's almost a billion dollars in revenues. This is a trend that will continue. We must embrace change and keep going.

The report clearly shows that Canadians support making the changes necessary to secure the future of postal service. They also expect the postal service to evolve, learn, adapt, and improve, not just in the way we serve them, but in the way we implement change. At Canada Post, that is also what we expect of ourselves.

Much has been said about the changes we were making to secure the future of the postal service over the last three years. Less well known is how we were able to learn, adapt, and improve our approach and processes as we progressed. That's why we are pleased to see customer satisfaction numbers in the task force report

remaining as high as 91%. The focus on constant improvement will continue at Canada Post.

I would like to conclude by saying to all of the committee members that our challenges are large. The solutions to them must match the enormity of the challenges. There are some people who will tell you that the postal system should never change and should remain in the good old days. That is not an option. There is simply too much at stake.

I would encourage you to move forward knowing what the task force found, which is that many Canadians are counting on all of us to get this right and secure a strong future for Canada's postal system.

Thank you, Mr. Chairman.

• (1540)

The Chair: Thank you, Mr. Chopra.

Before we begin, colleagues, as we go into our regular rounds of questions, I would encourage all of you to try to keep your questions and answers as succinct as possible. I will be very strict today to make sure that the seven-minute and five-minute deadlines are adhered to.

I would also like to conclude this session at approximately 4:25, about five minutes early. It always takes a couple of minutes to transition from one group of witnesses to another. Since we're unfortunately going to be giving less time to the organizations that are here at 4:30, I'd like to get them to the table as quickly as possible. I hope I have your agreement on that.

We will start now with the seven-minute round of questions. The first intervenor is Ms. Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thanks to all of you for being here.

Thank you, Mr. Chopra, for your opening remarks.

We all want Canada Post to succeed. We know that change is necessary and that change is a challenge. In talking to one of the task force members, he indicated to us that change was not brought about properly—this is for the record only—and therefore change needs inclusion. Hopefully, going forward, Canada Post, whatever it takes as a change management tool, will be more inclusive and more open and transparent.

My question is, do you see Canada Post as a business or a service, or a combination of both? Not a long answer, please, but a very short answer.

Mr. Deepak Chopra: Canada Post has always been both. It has components of its business that compete vigorously in the marketplace, such as our parcels business or our marketing mail business, and it has the traditional exclusive privilege of delivering mail, which unfortunately is less and less in our system.

We have always tried to strike this delicate balance between making sure that we can be financially self-sustaining and still meet the dual role of a business as well as a service that Canadians need and cherish.

Ms. Yasmin Ratansi: Fair enough.

Before this process began—and we are going to be on the hustings starting Monday—you had created your five-point plan. I asked the task force yesterday, and they said that the five-point plan is a first step, but it is not totally comprehensive, and it's not all-inclusive, and it has a lot of things to do. They say that “even with an optimal implementation of the foregoing options, Canada Post will not be positioned to operate in the future on a financially self-sustaining basis over the long term”.

How do we then move forward? Have you, as the CEO, and your team of managers thought of strategic directions that you might wish to share with us?

• (1545)

Mr. Deepak Chopra: Much of that discussion we shared with the task force. Their report has very thoughtfully articulated the summarization of the complexity of the business challenges we face and some of the options they have laid out in the discussion paper.

The challenges, as I mentioned in my opening remarks, are really large. The one thing we all agree on is that doing nothing is not an option. If the goal is to address long-term sustainability challenges, then the medium-term challenges have to be addressed first.

I think the spirit of the report, as we see it, is grounded in the fact that some of the changes have to be done immediately, so that down the road, if those prove to be insufficient, more thoughtful ideas can be explored.

We believe Canada Post needs to address some of its structural challenges. We have been delivering mail for 250 years, and the last 40 years particularly—

Ms. Yasmin Ratansi: I'm sorry to stop you, but what sorts of structural changes are you talking about?

Mr. Deepak Chopra: We have been at it for quite some time.

Ms. Yasmin Ratansi: Yes.

Mr. Deepak Chopra: Over the last five years Canada Post has embarked on lots of changes. The spirit of those changes is twofold. Almost half of our focus is on growing revenues.

For example, our parcel business has grown over the last five years by over \$400 million. As I mentioned, with 1.6 billion mail pieces disappearing over the last decade, on average that accounts for a billion dollars of revenue lost. Half of that we have been able to recover through growing our parcel business. The other half we have been able to do through some of the transformation work that we undertook over the last five years. That also accounts for roughly \$400 million.

We have managed to balance those competing needs so far, but given that the committee now has the task of looking at the options, talking to Canadians, we really look forward to your recommendations and the decision on the next phase of Canada Post's mandate. As you rightly asked, is it a business? Is it a public service? Should it be financially self-sustaining? All of those questions are rightly being discussed and debated in the right forum.

Ms. Yasmin Ratansi: Okay. We are a committee, you are the CEO, and we can work together, but I think we're looking to you, as CEO and management, to at least give us some strategic ideas. Of

the six options that the task force proposed for, I'm sure you know, mitigating the losses, which would be the easiest or the fastest to implement?

Mr. Deepak Chopra: I think at this stage our view is that with all of these options, for us to be able to look at one option or two options in isolation is not the right way to approach it. I think a package that balances the financial self-sustainability goal.... Once the committee has had a chance to recommend that, then we can give you our assessment on the ease or difficulty of implementation. I think it would be premature for us to assess the outcome of the committee's preferences.

Ms. Yasmin Ratansi: The committee is going because of what happened, with people perceiving that there was no consultation, and that they were suddenly told that their mail was not going to be delivered. Whether true or false, that's not our reality, but I think it is important for us to understand that there's the CEO of this large crown corporation, and the buck stops there. We need to know how you will help us understand. You are there. Day-to-day is your operation; ours is basically consultation. We will get the input, but we also need to know that you have some strategic plan in place, or a strategy that you'd think through, because you earn the big bucks.

• (1550)

Mr. Deepak Chopra: We believe that Canada Post—

The Chair: Mr. Chopra, please be brief.

Mr. Deepak Chopra: —has to do a two-pronged approach: grow its business, as we are growing in our parcels and logistics; and address the structural misalignment of the costs that were built for a different generation. It's a combination.

The Chair: Thank you, sir.

Next up we have Mr. Blaney for seven minutes, please.

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Mr. Chopra, we saw the Liberal government interfere with the operations of an independent crown corporation when they shamefully sent a public letter demanding your resignation. We saw them suspend the five-point plan without first consulting your corporation, Canada Post, about the implications. Now, today, they ask what we should do. In fact Minister Judy Foote stated she didn't even know what was in the five-point plan outside of community mailboxes.

Well, the five-point plan is the first major step Canada Post has undertaken to face this huge challenge you are facing, which is basically, I would argue, bankruptcy.

My question for you this afternoon is this: what is this interference, the suspension of the five-point plan, costing Canadian taxpayers?

Mr. Deepak Chopra: With regard to the reviews of Canada Post, its mandate has been reviewed almost every five, ten years. We see this as a process that from time to time governments undertake to make sure that the mandate for the corporation is aligned with the changing needs of Canadians. So for us this is a healthy process where we need to understand how and when we can execute our priorities, our set of options. This is a process on which we need to get clarity in order for us to carry on with our business.

Hon. Steven Blaney: Thank you, Mr. Chopra. My question is fairly simple: how much have we saved so far, and how much are we leaving on the table? How much is the abandoning of the five-point plan costing? Could you share this information with us?

Mr. Deepak Chopra: Our five-point plan was designed to save between \$700 million and \$900 million. At the time of its suspension, we were halfway into this plan. We had saved almost \$400 million, and the rest of the savings are now on hold pending this conversation.

Hon. Steven Blaney: Okay: so I understand that it's half a billion dollars that the suspension of the five-point plan is costing Canadian taxpayers. But this, I would say, is just *la pointe de l'iceberg*. We had yesterday a very good report that was produced by the task force charged with finding a solution. One thing I found really insightful in the conversation we had yesterday was that Canada Post is not a one-size-fits-all operation. It has many different clients in many parts of the country. What is interesting is that these people are happy even though the service is not provided in the same way. That's constructive.

We know there is less mail and revenues are going down. We saw that parcels were the good news, but what we hear is that people want parcels every day, while they'd be ready to receive mail not every day. We know that in the parcel sector there are competitors. So how do you...why have you taken this challenge, Mr. Chopra, to do your best for Canadian taxpayers by embarking on this journey with Canada Post? How can you reconcile the fact that parcels, which are generating revenue, and have to be delivered on a daily basis, which is costly—your costs are higher than the private sector—and still you have this protocol?

Mr. Deepak Chopra: I think the mail has changed its shape and size over many decades, from postcards to letters, from parcels to packets, and so on. What we are finding now is that it's going through the same change again, with parcels growing. The challenge is not that parcels are growing. In fact, that's the best thing we have seen for our corporation. The challenge is that we have to transition a mail-centric network that was designed to deliver mail to adapt so that it can deliver mail and parcels.

You raise a very interesting point about parcels being delivered every day. Our expectation, in fact, is not even next day. It's the same day for parcels. For mail, there is this assumption that it's okay to take a couple of days.

From a receiver's perspective, it continues to be the view that Canada Post only delivers mail. That's our heritage. It's a very common myth that what comes in the mail is only letters. Part of our challenge is also to educate Canadians that what's coming in the mail has also changed. With that, we can change the way we deliver, the way we support our retail network, and the way we support our support structure.

We think that if we can address some of the legacy structural issues, which is what you were commenting about—the cost differentials with a competitive sector—through this transformation, we believe we can compete in the parcel sector. We are already competing. It's a \$1.6-billion business.

• (1555)

Hon. Steven Blaney: Okay. Let me get to the human resources.

Yesterday we learned that a large portion of your workforce is potentially retiring within the next five years. Can you comment a bit on this workforce that needs to be treated, I would say, with all respect, and also in regard to your needs? Is there, let's say, a possible match in attrition? I would like to hear your views on this.

Mr. Deepak Chopra: One of our guiding principles on the transformation we embarked on was that we would work with the workforce within the framework of our collective agreement and also within the framework of the retirements and the attrition coming up in our profile. Our average age for employees is 49 years. In the next five years, if past retirement patterns continue, we expect over 16,000 employees to retire. When we were transitioning the mode of delivery from door-to-door to community mailboxes, the changes in the workforce were all dealt with through attrition.

We are very mindful that it's an important institution. It has 50,000 employees who count on their livelihood. These are important middle-class jobs. But in order for it to have a long-term future and in order for it to have the sustainability for those jobs, it has to evolve—

The Chair: Thank you.

Mr. Deepak Chopra:—and that is the change that is essential as part of the transformation.

The Chair: Thank you very much.

[Translation]

Ms. Trudel, you have the floor and you have seven minutes.

Ms. Karine Trudel (Jonquière, NDP): Thank you, Mr. Chair.

First of all, with your permission, I would like to table the following notice of motion:

That the committee ask the task force that drafted the report on Canada Post in the Digital Age to submit to the Standing Committee on Government Operations and Estimates all submissions, reports, briefs, notes, statistics, lists of witnesses and experts, statements, notebooks, photographs, audio recordings and audio visual materials used to produce the said report.

[English]

The Chair: Thank you.

Continue, please.

[Translation]

Ms. Karine Trudel: I would like to thank the Canada Post representatives for being here with us again today. This is the second time we have had the opportunity of meeting with you.

Yesterday, we heard the members of the task force who gave us the report you must certainly have consulted. I would like to know if you consider that all of the figures in their report are accurate.

[English]

Mr. Deepak Chopra: Much of the data in the report is based both on our financial projections and on task force outside advisers Ernst & Young validating them. A lot of the assumptions and the financial data, we believe, are materially and directionally in line with our projections.

[Translation]

Ms. Karine Trudel: Thank you.

We also gained a good understanding of Canada Post's financial situation. Several suggestions were made to increase revenue, such as adding banking services. Canada Post even did a study on that.

Did you give the task force a copy of the study Canada Post did on banking services?

[English]

Mr. Deepak Chopra: We shared all of the work with the task force that Canada Post has in all of its areas of research, and the task force has done its own assessments, its own independent work, to come to the conclusions noted in their report.

• (1600)

[Translation]

Ms. Karine Trudel: We had asked to be allowed to consult that working document, that is the study Canada Post did on this topic. A lot of the text had been blacked out and we were not able to consult it. When I put my question to the task force, they were unable to answer me. So I would like to know if the Canada Post study was really given to it in its entirety.

[English]

Mr. Deepak Chopra: I'll ask my colleague, who spent a lot of time on the banking file, to answer this question.

Mr. Wayne Cheeseman (Chief Financial Officer, Canada Post Corporation): Yes, the task force independent experts had access to all of the reports and analysis that we had conducted in 2010 on the banking analysis.

[Translation]

Ms. Karine Trudel: Do you think that having a postal bank within Canada Post offices—several municipalities have this type of service—would allow Canada Post to offer another type of service that would be viable and help it financially?

[English]

Mr. Wayne Cheeseman: We looked at and conducted our review of banking in 2010, and when we looked at it and considered a number of pieces of data, we felt that the risk that was involved in the corporation in terms of getting into banking could not be justified by the potential benefits, if there were any, to carry on with the banking. We decided to focus on our core areas of expertise, including parcels and revitalizing direct marketing.

[Translation]

Ms. Karine Trudel: Yesterday, I mentioned at our committee that the banks had made profits of \$135 billion. And so I find it deplorable that that possibility was not studied further. In its report, the committee mentioned 37 new avenues. Did Canada Post examine the 37 avenues the committee mentioned in its report?

[English]

Mr. Deepak Chopra: Canada Post has to play to its strengths, and every organization has core competencies, core strengths. I think Canada Post is a logistics and delivery organization. We focused on that. We have demonstrated, by growing our parcels business by over \$400 million in less than five years, that those are the areas that are more successful, and we can have a better outcome for the long-term sustainability of Canada Post.

There are financial services that Canada Post already plays in—for example, money transfers. In many communities across the country, Canadians who send money back home find it expensive to transfer money using other sources. Our MoneyGram program is very widely used and is a service that we believe fits into Canada Post's competencies. Over the years our money order program, which goes back over 100 years in the postal community, has evolved to a much more efficient digital money transfer system. Here is a product that is something we already do. We also have prepaid debit cards. We distribute those through our branches, and those Canadians who are not able to have a credit card are able to purchase a prepaid debit card.

There are services that would make sense in the context of where our core competencies and capabilities make sense. Then there are services that are well served. As we saw in the report as well, Canadians are well served by banks and credit unions. It's not an area where...now that an independent panel has had a chance to look at it in depth, not just from five-old data, which is already stale in the digital economy we live in. With FINTRAC and new technologies, and the banks facing new types of regulatory challenges, technology investments, these are large decisions. That is why I mentioned earlier on that we look to this committee to debate, to reflect on the discussion paper, and listen to Canadians. And if that's an option, that better belongs in the committees.

• (1605)

The Chair: Thank you very much.

Mr. Whalen, go ahead for seven minutes, please.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very, Mr. Chair.

Thank you all for coming.

Clearly, I'd think we'd agree that the brand of Canada Post is strong and it's paramount. It allows it to attract its customers for its delivery and logistics business. Without the trust of Canadians, that business would not exist. People would not trust Canada Post to do the delivery and logistics it does without it.

When we look at what has happened over the course of maybe the last two years, at least from my perspective, there seems to have been a whittling down of that trust in that a five-point plan was put to Canadians, imposed upon them, and it lacked public support. There was certainly a great deal of consternation during the election.

Then again this summer, on both the corporate side and the union side, the disagreements over labour put a lot of mistrust into Canadians' hearts about whether or not they should continue to rely on Canada Post to meet their payroll needs, their banking needs, their chequing needs, and their delivery needs. They moved to alternative sources of delivery or simply decided to transfer more of their business, perhaps prematurely, to electronic methods. There is a certain amount of concern.

I want to focus just a little more on the financials here, to try to get a sense of opportunities that might not have been canvassed by the task force but that might be available. When we look at their report, they say there's \$400 million of potential savings, which includes \$80 million already achieved, by going to community mailboxes. We have conversion of 80 of the highest-volume corporate post offices to franchises for savings of \$177 million. Those two ideas seem to be fairly independent.

Would you agree that both of those things could be implemented independently and those savings would not have so much of an overlap, in terms of the benefits to Canada Post?

Mr. Deepak Chopra: As I mentioned earlier on, this is work for a task force. Once we understand what the complete package of transformation looks like, we will then have to assess the overlap of implementation or for that matter any areas where savings may overlap.

I think it's important that in the end we understand the complete package.

Mr. Nick Whalen: Mr. Chopra, would you agree that at least with community mailbox conversion and the franchising of the outlets there's not a huge amount of overlap in your operations in those two ideas?

Mr. Deepak Chopra: That is a fair statement.

Mr. Nick Whalen: Okay. Fair enough.

In terms of alternate-day delivery, that seems to be something that would have a greater impact with respect to current door-to-door delivery. Those savings would not be entirely realized if we moved to community mailbox conversion. Is that a fair statement?

Mr. Deepak Chopra: I think those savings are the most difficult for us to assess right now, because if you're not delivering a product every day, is there a risk that people will not use it? Look in particular at our \$1.2-billion marketing mail business. If you are having a sale on the weekend at your store, you want your marketing message to be in the mailbox by Thursday or Friday. All of those implications for small businesses or large retailers are very important, so it is an area of complex understanding not just from the mailer's perspective but from an operational perspective. If we deliver parcels every day and there's a separation of streams, that will add more operational complexity. This is an area that needs a lot more work.

Mr. Nick Whalen: Fair enough.

This is what we're trying to elicit. How much of these savings can be implemented all in one package and what would the effects of that be? Obviously it's a difficult issue.

If we look at implementing the first two, we still have a shortfall of about \$123 million, if you look at what the report says. What about other areas? I was quite surprised to learn yesterday that Canada Post's back-end costs in management and executives were so high, \$650 million. I am wondering whether or not the corporation has examined saving money and how much it could save by streamlining management-side labour costs.

• (1610)

Mr. Deepak Chopra: Management is less than 5% of our workforce and senior management is less than 1% of our workforce. In terms of the cost of that, in fact the \$650-million number that you have includes overhead and other items. The number is in the range of \$200 million.

Mr. Nick Whalen: Presumably if you reduce your management head count, you can also reduce your floor space and the back-end costs associated with that.

Mr. Deepak Chopra: Just to put that in context, our management head count is down by 20% since 2008. For the last 30 months, there has been a wage freeze. There have been no pay increases. We have implemented a defined-contribution pension plan for management. The management head count continues to reflect, in many cases, more than any other attrition; so if we have unionized attrition, management is—

Mr. Nick Whalen: Since 2008 you've achieved 20% savings. Do you think you could go an extra 17% to get that \$100 million more that we need?

Mr. Deepak Chopra: It is a direct correlation to the size of the workforce. If we are able to implement plans that will allow us attrition, then obviously span of control, management oversight, can be reduced in proportion. So that would be a proportionate question.

Mr. Nick Whalen: In terms of corporate structure, at some levels it's fairly simple; at other levels it's a little more difficult to understand. Can you tell us who owns the other 9% of Purolator Holdings Ltd.?

Mr. Deepak Chopra: Purolator's minority shareholder is Kelowna Flightcraft.

Mr. Nick Whalen: Were they involved in the corporation before Canada Post acquired its 91%?

Mr. Deepak Chopra: They are completely involved with Purolator, not with Canada Post.

Mr. Nick Whalen: Right, but were they a prior shareholder of Purolator before Canada Post acquired its stake?

Mr. Deepak Chopra: This is a very old relationship. We can get the facts for you.

Mr. Nick Whalen: Okay.

What ethical controls are in place to ensure that Canada Post doesn't overly profit the private lines of business at Purolator Holdings, SCI Group, and Innovapost, to make sure they're not diverting profits to those entities, which are shared with private corporations, rather than retaining them within Canada Post, in those lines of business where Canada Post competes with its subsidiaries?

Mr. Deepak Chopra: Canada Post—

The Chair: I'm going to have to cut you off with that, but I will ask if you can please supply that answer to the committee in written form.

We'll go to our next intervenor, who is Mr. McCauley, for five minutes, please.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you.

Welcome back. The five-point plan was implemented for a while before it got suspended after the election. What lessons did Canada Post learn from the implementation of the five-point plan?

Mr. Deepak Chopra: Any large-scale project that has \$700 million to \$900 million in savings, that impacts a national infrastructure, that impacts millions of Canadians, is going to have some bumps along the way. It is just the size and complexity of it.

One of the things we have learned in that process is that in the early stages, we needed to get our experience on where to locate boxes, how to do the accommodation, how to consult with Canadians, and as we implemented along the way, we have learned more and better best practices on how to engage Canadians. We had almost a million surveys, and 450,000 Canadians responded to those surveys with regard to locations, with regard to—

Mr. Kelly McCauley: This was an issue that came up yesterday, the need to engage more with the municipalities, so that's nice to hear.

Mr. Deepak Chopra: In fact, almost 25% of the boxes were moved to the preferred locations of the communities. I think this has been a learning journey, which allowed us to achieve savings. We were really heartened to see the satisfaction level. Regardless of mode of delivery, door-to-door or community mailboxes...and in fact for community mailboxes we're talking 86%, 91%.

Mr. Kelly McCauley: Mr. Chopra, I'm going to interrupt here, because I get only five minutes. We're short on time. I'm like the Canadian dollar; I get 35% off my timing

We also heard last night from the report that the five-point plan was a great start, but it wasn't enough. The task force was very clear that it was just not enough. What else is needed to get the job done?

Mr. Deepak Chopra: I think the first step would be to start. I think it's very important that we start somewhere, and then we can evolve. We are living in a world where things are evolving and changing at a much faster rate. Companies used to last a hundred years. Now the average lifespan on Dow Jones is 30 years. Products used to last 10 years. Now people change their smartphones every year.

We're living in a world that's rapidly changing, and that is why I think we have to build a flexible infrastructure, a nimble organization that can react to the changing realities of the marketplace. We think parcels is a great story, but it is a competitive

marketplace. We need the flexibility and the nimbleness in our ability to react to the marketplace as things change. I think what needs to happen is that we move forward with a transformation agenda and allow flexibility so that we can adapt to a changing marketplace.

Mr. Kelly McCauley: I'm almost out of time, so I'll ask this very quickly. We've heard a lot about disabled people having difficulty getting to mailboxes. I know there is a program. Can you tell us what the program is for those who are not physically able to get a community mailbox?

We have about 45 seconds, so please be brief.

•(1615)

Mr. Deepak Chopra: In fact, my colleague led the program personally. I'll ask her to elaborate on that.

Ms. Susan Margles (Vice-President, Government Relations and Policy Framework, Canada Post Corporation): Every person who was being converted received a number of communications that had a toll-free number that they could call. We had a specially trained team at the end of that phone line able to deal with every individual case in terms of what they would need, whether it was moving from a higher to a lower box, whether they needed a key turner because they had dexterity issues, or whether they really couldn't get to the box. In those cases, we did arrange to have mail five days a week delivered to their CMB, their community mailbox, but once a week it was taken to their door. We still have that program in place. It has served us very well. We're offering that to people, even if they have had community mailboxes for many years and something happens that changes in their lives; they have an accident or they fall—

Mr. Kelly McCauley: So you will deliver still once a week.

Ms. Susan Margles: Exactly. Even seasonally, if it's the winter, and it's ice and snow that's a challenge, we will do that for all Canadians.

Mr. Kelly McCauley: It sounds to me that you just need to communicate it a bit stronger.

Ms. Susan Margles: Yes, probably earlier and stronger. I think we focused on the people who were being converted, so other Canadians, who cared about those people, didn't necessarily know about it, but that's one of the lessons we learned.

Mr. Kelly McCauley: It's good to hear, because it came up as a very serious concern from everyone. It's nice that you have a plan. It just sounds like we need to engage people and communicate more clearly that it's available.

Thank you.

Ms. Susan Margles: Thank you.

The Chair: Colleagues, this will be our last intervention, a five-minute intervention. I will then excuse our witnesses and reset the table with our new witnesses before us.

I'm not sure exactly who from the government side will be taking this five-minute round.

Monsieur Ayoub, please go ahead.

[*Translation*]

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

I thank you, Mr. Chopra for being here with us again today.

At the outset, I want to clear things up with my colleague across the way.

We are inheriting a problem. You are with us because there is a crisis. We are attempting to solve some issues involving confidence and communication. That has in fact been my impression from the beginning. Everyone has good intentions and shows good will in wanting to maintain Canada Post in the best possible conditions. However, the information was not communicated in the best possible way; we finally received it through the independent report released this summer. That information is very revealing. I think that there is a lot of work to be done to improve communications.

What internal communication efforts were made by Canada Post to explain the problems in the five-point action plan you put in place?

[*English*]

Mr. Deepak Chopra: Let me start by addressing the question that was raised earlier, by Mr. Whalen, that there is an issue of trust. When you look at the satisfaction numbers that the task force saw in their polling, with over 90% very satisfied or highly satisfied Canadians, I think we take that to heart in more than one way. While there were difficult changes that had to be implemented, and while we had to communicate with Canadians as well as with our employees—and I'll come back to your specific question on employees—we are a learning organization. In the first wave of that change, we learned from our mistakes. In the second wave, we got better. In the third wave, we got better. We would not have gotten the satisfaction numbers from Canadians, regardless of mode of delivery, including those that were converted in the last year, in over 86%. I think this is a data point. It is not the be-all and end-all, but it's an important data point that illustrates that the work we are doing is connecting with Canadians. We are meeting their expectations.

With regard to your question on communicating with our own employees, we had a dedicated team, that both Madam Margles and other senior executives led, making sure our employees understood. We knocked on 45,000 doors of people who were going to be impacted because the community mailbox might be on their—

Mr. Ramez Ayoub: Your employees, Mr. Chopra; what kind of discussion did you have with them to inform them of the situation that you needed to implement the five-point plan? I think it was kind of urgent to have that plan in place. The faster the plan was in place, maybe you could have saved a bit more money. You could have been efficient, and still kept some kinds of delivery and efficiency of Canada Post.

● (1620)

Mr. Deepak Chopra: I think our employees are always part of the suggestions on improving efficiencies and ideas. In fact one of our rural carriers invented a device that has saved us a significant amount of money in rural delivery. We have employees who are constantly giving us ideas.

I think employees are always part of our communication, not just that we have a challenge and we need to change, but also on an ongoing basis with suggestions on efficiencies. They are very much part of that journey and we have regular communication through our publications. Our employees have a very high level of engagement in what we do every day.

Mr. Ramez Ayoub: I don't have any doubt about that.

Mr. Deepak Chopra: They deliver the parcels. They connect with Canadians. They understand that.

Mr. Ramez Ayoub: I'm going to hand over the last minute to my colleague Yves.

[*Translation*]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): Thank you, Mr. Ayoub.

I thank all of you for being here with us today.

My question is for Mr. Chopra.

You are the chief executive officer of the Canada Post Corporation. May I tell you that many of the citizens I represent here in Ottawa have told me about safety issues with community mailboxes. They discussed these with me during public consultations, and many other comments about this were sent directly to my riding office.

Aside from budget cuts and the reorganization of costs related to the community mailboxes, I would like to know what safety assessment is done regarding the designated locations for these mailboxes, and whether citizens are sufficiently consulted in this process.

[*English*]

Mr. Deepak Chopra: This was the central foundation for our community mailbox rollout program, because if we don't locate them in the safest location... We have guidelines that have been in place for over 30 years—distance from intersections, sidewalks, lighting. We've had all these criteria, which were developed in consultation with the municipalities, for over the last three decades. Security and safety of mail, and also mail users, has always been an important part. But we also have a very rigorous customer service process. If there's a concern, Canadians can call our 1-800 number, which is always on the box. Our security department is always looking at the enhancements they can do.

We have been doing this mode of delivery now for well over 30 years. Criminals who will do other criminal things, they look at this no differently. But we always look at the criteria that have been well established, well used. If there are any constituents in your area who have a concern, they can call us directly and we can address those concerns.

The Chair: Thank you very much, Mr. Chopra.

We will adjourn this portion of the meeting for now.

Mr. Chopra, on behalf of the committee, thank you and your colleagues for being here.

Mr. Deepak Chopra: Thank you.

The Chair: As you stated earlier in your comments, sir, there are 50,000 employees at Canada Post. We're counting on you and your officials to do whatever you can to keep Canada Post as viable as we have known it for the last 100-plus years.

Thank you. You're excused.

We will ask our staff to please reset the table and ask all of those in the audience who are coming forward to the table as witnesses to please do so as quickly as possible and we'll get you started as quickly as possible

Thank you again.

• (1620) _____ (Pause) _____

• (1625)

The Chair: Thank you, colleagues, thank you, ladies and gentlemen, and thank you, staff, for getting the tables reset as quickly as you have.

This will be our second set of witnesses. We have five organizations before us. I just had a chance to briefly discuss some of the procedures with some of the witnesses. My apologies again for the truncated version of this; because of the votes, we're down to about 75 minutes rather than the full two hours.

Each of you has an opening statement, and I understand that. Normally you would have a 10-minute opening statement, but because of the truncated version here, if you could keep your opening statement to about five minutes I would appreciate it. I'll give you some latitude, obviously, because you'll have to condense what you were originally going to say, but the longer you speak, the less time there is for questions from the members. I'll let you try to police yourselves there, but I do know that many of our members have questions they would like to pose to you.

My understanding as well is that the speaking order will begin with Madam McAuley.

You have five minutes, please.

• (1630)

Ms. Brenda McAuley (National President, Canadian Postmasters and Assistants Association): Thank you for this opportunity to address the committee.

The issues we are addressing are, by the admission of the president of Canada Post, a lifeline to rural Canada. While we understand the constraints imposed by the business of the House, we will have some difficulty doing justice, in the five minutes that remain, to the needs of rural Canada. We will attempt to do so, but will be happy to address any questions you will certainly have once there are fewer time pressures. Our full submissions have been filed with the committee.

The Canadian Postmasters and Assistants Association has been the voice of rural post office employees since 1902. It is the second-

largest bargaining unit at Canada Post, representing members in post offices in towns and villages throughout rural Canada. About 95% of our members are women. We are in touch with over six million rural customers.

We were quite taken aback when one of the options the task force presented was converting 800 of our highest-volume post offices into privatized franchises. This option would be disrespectful of the current government's directives. It's very worrisome for several reasons.

First, the committee's mandate from the Canadian electorate is clear: privatization was not to be considered during the review.

Second, what public company would sell off its largest money-making centres to its competitors? Canada Post has made profits for 19 out of the past 21 years. Just last year it netted almost \$100 million in profits. Why would we risk losing this?

Third, our study, "Rural Post Offices and the Communities that rely on them are being abandoned", conducted by Anderson Consulting, found that there was an over 55% chance a franchise would disappear if that post office were replaced. All that was left for those residents was a collection of boxes at the side of the road. That's hardly vibrant Canadian infrastructure.

Fourth, according to the task force report, Canadians and businesses of all sizes have a positive perception of Canada Post and its services. The vast majority believe mail is highly important, and that Canada will always need postal services owned and operated as a public service.

The current government obtained its mandate while promising opportunities for women in this country. Our membership is 95% women. If Canada Post is weakened in rural Canada, there will be very few meaningful jobs to which women can turn.

In 1994 the Liberal government announced a moratorium on post office closures. Despite the fact that the moratorium is still in place, we have seen over 350 rural post offices close.

If the corporation really wants to keep a post office open, it has the ability to appoint someone by other means, meaning it can choose whoever it wants if there's no available candidate after a competition. The latest example would be in Red Bay, Newfoundland and Labrador. Seven people, including the mayor of the community, failed the interview the corporation had set. The corporation then closed the corporate post office, saying it had completed the staffing process, and couldn't find anyone qualified to work in a post office. It then opened a privatized franchise, and gave it to one of the candidates who failed the interview.

Canada Post wants to give its operations away, and it doesn't care anymore if people realize how inconsistently it is behaving.

• (1635)

The Chair: Madam McAuley, you're at five minutes now.

Ms. Brenda McAuley: Okay. Let me try to wrap it up.

I just want to comment on one thing. It was mentioned that Canadians are served and that they have enough banks. I just wanted to let you know that we did a study. We surveyed 3,260 rural communities, and 1,200 of those communities do not have a bank or a credit union. Of the 615 indigenous communities, only 54 have a bank or a credit union. That is 9%. That is shameful.

In conclusion, we have an opportunity to make the best use of our national public asset. We must ensure we serve the needs of rural, remote, and indigenous communities. We have to recognize both the needs of these communities and the contribution they already make and can continue to make to Canada's economy and its national fabric.

When I started, I referred to Mr. Chopra's comment that Canada Post is a lifeline for rural Canadians. No one who is familiar with the importance of these operations and who cares about rural Canada would disagree. We are imploring the committee not to cut our lifeline.

Thank you.

The Chair: Thank you very much.

Just for the rest of our intervenors, that intervention was about six and a half minutes long. I would encourage you to try to keep it to five minutes, but to be fair, if you go six and a half, what is good for one should be good for all.

Next on my list, I believe, is Monsieur Paradis.

Mr. François Paradis (National President, Union of Postal Communications Employees): Thank you to the committee for inviting the Union of Postal Communications Employees here today to have a discussion with you. Mr. West of the Public Service Alliance of Canada will be helping me with some questions you may have, if you have questions.

The UPCE is a component of the Public Service Alliance of Canada. We represent roughly 1,600 members at Canada Post and 150 members at Purolator. Our members perform administrative, technical, professional, and clerical work, including customer support for businesses and consumers. They are often the first point of contact for many Canadians who need advice and assistance on their postal services.

My comments today will focus on several aspects of the discussion paper recently released by the task force for the Canada Post Corporation review.

I don't think it will come as a surprise that our overall reaction is one of disappointment. We had hoped to see that the task force would take the public interest as its primary guiding principle in their review. While Canada Post may be called a corporation, the owners or shareholders are the people of Canada, and its service to Canadians must be first and foremost. As stated in the discussion paper, Canada Post has a universal service obligation and a mandate to meet public policy objectives.

A program not mentioned by the task force, and one that should be restored, is the food mail program. The current nutrition north program has been criticized by Canadians living in the north and by the Auditor General. Food prices for families have increased drastically and have become unsustainable.

In 2015 Canadians voted for change. The task force is just offering more of the same at Canada Post: cut services, cut jobs, raise prices, repeat. The task force doesn't mention the outsourcing taking place. In 2010 call centre jobs began to be outsourced to large multinational corporations based in India. While these jobs are still in Canada, there is no guarantee that these jobs will remain here.

Instead of investing in good-paying jobs, Canada Post would rather pay multinational companies that are usually based outside of Canada. All this does is create jobs that are of lesser value locally, are precarious at best, and now pay a significantly lower wage. Outsourcing not only sends profits offshore, it does so at the expense of the stability and the quality of the jobs.

The task force acknowledges that Canadians living in rural locations have expressed real concerns about the effects the closure of their post offices would have on their communities. Their response to the concerns is to either close all of Canada Post's remaining outlets, including those in urban areas, or to convert them into franchises. To realize at least half of the suggested savings, Canada Post would have to convert the 800 highest-yielding offices—in other words, skim the cream from the public entity.

While promoting franchises, the discussion paper doesn't mention the nature of the jobs at these outlets. They're not unionized jobs, so of course they don't come with the usual union baggage—living wages and decent working conditions. We can't help but wonder if this discussion paper is just the beginning of a road that will lead to the eventual privatization of the corporation.

The task force doesn't talk about Canada Post's management structure and the executive compensation practices. The multiple levels of approval required in the management structure for even a simple decision are inefficient and costly, and have a negative impact on the operations to business.

Despite repeated claims that the corporation is going through difficult times, our understanding is that senior executives continue to receive large personal bonuses while the majority of employees continue to receive minimal salary increases.

When we met with the task force, we also suggested that they review the structure of Innovapost and its relationship to the corporation. The discussion paper only mentions that Innovapost is one of the Canada Post group of companies, 98% owned by the corporation. Positions that were originally in Canada Post were moved to a Innovapost back in 2002 at its creation.

We question the value of such an arrangement. The costs of projects involving Innovapost have acted as a barrier to change and innovation. Meanwhile, Innovapost mirrors Canada Post's expensive top-heavy management model. It alone has 11 vice-presidents.

We wonder why it has duplicated Canada Post's executive structure, and we question its value. We believe it will be more cost-effective to return at least a number of Innovapost positions back to Canada Post.

Finally, the Canada Post pension plan has been in the news. Among the options in the discussion paper is a permanent exemption from the solvency funding payments required in the PBSA.

•(1640)

UPCE has already written or asked the government, through Minister Foote, to provide such an exemption.

We believe the solvency funding rules are unnecessary and counterproductive. They were introduced in the 1980s, partly to respond to insolvencies of private sector employers, and the plan currently is better than fully funded on a going-forward basis.

Before ending, I'd like to re-emphasize that we are concerned about the direction taken by the task force. Canada Post isn't just another business. It has a public responsibility. It also has a role to play in providing stable, middle-class employment now and in the future, offering new opportunities for new generations that are better than precarious jobs.

Thank you for the opportunity to share some of our views and concerns. Mr. West and I will be available to answer any questions you might have.

The Chair: Thank you very much, Mr. Paradis.

For your information, that was five and a half minutes. I appreciate the economy of words.

Next on my list is Monsieur Dubois.

[*Translation*]

Mr. Guy Dubois (National President, Association of Postal Officials of Canada): Thank you, Mr. Chair.

I thank the committee for this invitation.

The Association of Postal Officials of Canada represents approximately 3,500 members throughout the country. These persons generally supervise the processing and delivery of mail.

We are here today because in 2013, we were told during a conference call that Canada Post had a profitability issue, that we were being given a five-year grace period, and that a solution had to be found. Shortly thereafter, a five-point action plan was released. We deplore the employer's lack of transparency in this process. Since we consider ourselves very close to management because of our oversight role over postal operations, the employer could have shown greater transparency in this matter.

We see that Mr. Deepak Chopra stated earlier today that we were part of the solution. Unfortunately, we think that Canada Post missed a good opportunity at the time of including us in its discussions, of sharing the fact that there was a problem with our pension plan, that we were going to hit the wall, and finally, of letting us take part in the search for solutions.

We received the report of the task force and we hope that the government will make the right decisions. If we really are part of the solution, we expect to be included. There is no doubt that all of the bargaining units at Canada Post do not all share the same vision. We can support certain measures, but needless to say, transparency is an important factor in the corporation's success.

Since the stage has been set, we hope that a recommendation in favour of transparency will allow the four Canada Post bargaining units to sit down with the employer to explore solutions, rather than letting the corporation impose its solutions on us.

Thank you for your attention.

•(1645)

[*English*]

The Chair: Thank you very much, Mr. Dubois.

The final intervenor I have is Mr. Palecek.

Am I am pronouncing your name correctly, sir?

Mr. Mike Palecek (National President, Canadian Union of Postal Workers): Yes, that's right. Thank you.

The Chair: Good. I got lucky. I have a name that gets butchered a lot, so I hate doing that to others.

Please, sir, for five minutes or so.

Mr. Mike Palecek: Thank you.

My name is Mike Palecek. I'm a letter carrier from Vancouver, and I'm the national president of the Canadian Union of Postal Workers.

With me is Jan Simpson, our first national vice-president. We also have our entire national executive board seated in the gallery. That's our leadership from across the country. We don't quite have 22 vice-presidents like Canada Post, but we have leaders across the country who are here today.

We represent about 48,000 postal workers at Canada Post in two major bargaining units. We've been actively involved in the very creation of Canada Post as a crown corporation and in fact every review of Canada Post since then. We built Canada Post, and we have a better understanding of the day-to-day operations than anybody.

Like some of the others here today, we're very concerned about the report from the task force. We believe it's a very flawed document. We're concerned that the committee's consultations will be based on this document and therefore tainted. The paper is filled with errors, with misrepresentations, and there are serious omissions as well. The CUPW will be providing to this committee a complete detailed breakdown of that at a later point. For now I'd like to touch on a couple of examples of this.

The paper predicts that Canada Post will lose money this year, even though all signs point to the contrary. They've had a fantastic first two quarters. It also completely omits that in the first two quarters of this year, for the first time, the growth of parcels has eclipsed the decline of letter mail. We expect that trend to continue going forward as parcel delivery grows. As a matter of fact, the German post office announced this week that they expect their parcel volumes to double by the year 2025. We expect to see similar things in post offices around the world.

It also notes that CUPW and Canada Post recently signed two tentative agreements, but fails to mention that one of these agreements includes important changes—changes that Canada Post told us are necessary for the corporation to considerably expand its market share in both parcel delivery and direct mail.

The task force paper says that only 7% of supporters of postal banking would use that service. That is factually incorrect and not what their survey said. The survey they conducted was of the entire public, not just supporters of postal banking. They found that 7% said they would certainly switch to postal banking or use its services. A further 22% said they would probably switch to postal banking. I don't think you could find a bank in this country that would not be happy with 29% market share of banking. And yet from this they tell us they don't think this is the best option moving forward.

We've heard from people across this country—from rural communities, the urban poor, and all sorts of people—that these services are urgently needed. Unfortunately, we don't have time to go into all of the submissions we've put together today. As you can see, they're hefty, and that can't be done in five minutes, but the vast majority of these issues were not addressed in the task force report.

We've prepared submissions on the financial situation of Canada Post Corporation and a pattern of deception and misinformation from Canada Post management. Year after year, Canada Post predicts that their revenues and profits will be substantially less than they are. It appears they've done it again this year. It was by about \$100 million last year and about \$500 million the year before. We simply have no faith in the predictions and projections they have made.

• (1650)

We've put together submissions around home delivery and the importance of maintaining it, and about how Canada Post can be used to help green the economy and green its own services. These are important issues. This government has made big commitments around climate change, and it needs to use the crown corporations. It needs to use its assets in order to bridge those gaps and make those commitments. Again, we see nothing on these.

I understand time is short, so I'll leave it there. I look forward to your questions.

The Chair: Thank you very much.

I want to thank all of you for your economy of words. I truly appreciate it as do, I'm sure, all members of the committee.

We'll go to our seven-minute rounds. First up we have Mr. Whalen. I would ask all colleagues that, if you're going to be sharing your time, you please let me know at the outset of your intervention how much time you're going to cede to a colleague so that I can interject at the appropriate moment and make sure your colleague gets his or her spot at the microphone.

Mr. Whalen.

Mr. Nick Whalen: Thank you, Mr. Chair. I'll be ceding two minutes of my time to Mr. Robillard.

Again, I also want to thank all of you for coming. It's very difficult in the short time allotted for us to get all of our thoughts out. Please do know that all of your written submissions will certainly be taken into account as we work to prepare the report. Also, I don't think that the committee feels bound by the mandate that was given to the task force. Our mandate is to provide our recommendations on the future of Canada Post.

As was expressed by me yesterday, my personal thought is that the mandate of the task force was somewhat circumscribed in that they were restricted in looking at the future of Canada Post as a self-sustaining entity. Following up on the initial question of my colleague who was here earlier, I'd like to ask each of you and each of the organizations to answer in one sentence whether you feel that Canada Post best serves Canadians as an enterprise, as a service, or as a combination of an enterprise and service.

Maybe we could just go in the same order in which you started.

Ms. Brenda McAuley: Both.

Mr. François Paradis: I think public policy objectives are the primary responsibility of Canada Post.

Mr. Guy Dubois: I would say both.

Mr. Mike Palecek: Yes, it's a public service, but it's also a source of revenue for the government, and has been consistently.

Mr. Nick Whalen: That's great. It seems that we've had the corporation and the unions agree on something today, which is good.

When we look at the task force report, my own view was that they did quite a rigorous financial analysis. It involved external parties to review, again circumscribed. The task force says that even with an optimal implementation of the options that were presented, Canada Post will not be positioned to operate in the future on a financially self-sustaining basis over the long term.

Mr. Palecek, you represent the largest union here at the table. Could you or Ms. Simpson let me know what you feel about that statement in the Canada Post report? Are there are other lines or other ways that they could achieve the savings needed or the revenue needed to become self-sustaining?

Mr. Mike Palecek: Absolutely. They could achieve revenue growth through a whole number of proposals that we've put forward, not just postal banking, by the way, but also broadband services and various services that leverage the existing delivery network of Canada Post.

I think one of the most glaring omissions from the task force report surrounding postal banking was actually the report from Canada Post that was done in 2010, and this was asked about. I will say for the record that Minister Foote assured us that she would obtain this report, and her staff assured us that it would be public so that we could see this stuff. We haven't got it yet, still. Of the 800 pages in that report, over 700 are redacted, and as for the ones that aren't redacted—you can see for yourself—all the information is deleted. You can look at all of the various headlines that they put where they declare this a win-win situation and a proven diversification strategy. These are the words of Canada Post management. Of course, finally—

• (1655)

Mr. Nick Whalen: Thank you, Mr. Palecek. We'll move off the banking; I'm sure someone else will come back to it. Is there another line of business you feel that revenue can come from?

Mr. Mike Palecek: If you look around the world, you'll see post offices are doing an awful lot of things. One of the things that we've talked about is a letter carrier program where the letter carrier could check in on seniors who live at home. They have programs like that up and running in France, for example. Around the world, post offices are diversifying. It's only here where they seem to be refusing.

Mr. Nick Whalen: Fair enough.

The Chair: You have about 30 seconds, Mr. Whalen, before we go to Mr. Robillard.

Mr. Nick Whalen: Okay.

Do any of the unions have any particular evidence about the revenue that would be generated by postal banking, based on any studies that you've commissioned, that would provide any solid evidence or a foundation for postal banking revenues?

Mr. Mike Palecek: Sorry, could you repeat that?

Mr. Nick Whalen: Have you commissioned any separate, independent studies that provide evidence of what postal banking revenues would be in Canada?

Mr. Mike Palecek: We've commissioned studies about the viability of postal banking in Canada, and they've all come back with glaring success. But I would suggest that if you'd like to see the revenues, you should ask Canada Post management about their five-year financial projections for postal banking, which they've deleted from the public version of this report.

The Chair: Mr. Robillard, you have two minutes, please.

[Translation]

Mr. Yves Robillard: Thank you, Mr. Chair.

My question is for Mr. Palecek.

As we know, Canada Post is trying to find ways to save money. What can you tell us about safety in the workplace in connection with the employees you represent in this situation? If many of my fellow citizens are afraid to pick up their mail from dangerously placed mailboxes, what are your colleagues going through?

[English]

Mr. Mike Palecek: We've certainly had issues with the community mailboxes and we've engaged quite broadly with the public around this, as I'm sure you're aware. Our members have concerns about it. We have concerns about an increase in repetitive strain injuries, for example, if we're required to do the same work over and over putting things into boxes. There are concerns about the safety of the placement of some of these boxes. Maybe I could take you to some of them. There are some that are downright dangerous.

Mr. Yves Robillard: We've been there.

Thank you, Mr. Chair.

The Chair: Thank you very much.

We'll go to Mr. Blaney for seven minutes, please.

Hon. Steven Blaney: Thank you, Mr. Chair.

[Translation]

I want to welcome all of you. A warm welcome also to the people who are with you.

I simply would like to say to you, and it is important to remind everyone of this, that you were the ones responsible for the successes at Canada Post.

I represent a riding that is both rural and urban, and people are satisfied with the service Canada Post provides. I almost never hear complaints at my riding office about Canada Post. People are satisfied with the service they receive. And my riding is quite large.

I realized something when I read the report, and I want to share it with you because I was really surprised. There is a mailbox near my home. For those who live in rural areas, it's at the back of a concession lot. I realized that every Canadian man and woman receives different service from Canada Post, but according to the study, people are satisfied. That's a very positive factor.

I enjoyed one point particularly among all of the comments, one made by Mr. Dubois, perhaps because it was in French and that's easier for me. You said that you did not know, first of all, that there was a problem. You said that it was hard to be part of the solution when you didn't know there was a problem.

In the report, I was struck by one paragraph, on governance. On page 10, there is a passage that reads as follows: "Based on the comprehensive input to the Task Force, this realignment should be undertaken with appropriate consultation and an eventual change of governance."

I would like to hear your opinion on this, as well as that of any other representative who would like to speak.

[English]

With regard to the governance structure, how is the interaction between Canada Post and its workforce?

• (1700)

[Translation]

Guy Dubois: I'd like to go back to 2013.

It's like the story of the boy who cried wolf. He cried wolf too often, and at a certain point, no one believed him anymore. The wake-up call finally came at five to midnight, and people were told that there was a small problem with the pension plan. During discussions I had with the employer, I said this: "How is it that none of you came to knock on our door—we had four bargaining units—in order to tell us that we needed to talk and that we had a common problem?" This does not only involve the unions. It also affects management, executives and directors. It also affects all Canada Post employees.

I don't know why that didn't happen, and it is deplorable, but I can tell you that in the history of Canada Post, this is the first time that the four bargaining units are forming a common front to reach an objective. That has never been seen in the history of Canada Post. They are going to form a common front to achieve the same objective, which is to save our pension fund. We have reached this pass, because a financial problem was not raised when it should have been. It should have been raised at the time and now people are reacting, at five minutes to midnight, and radical measures have been imposed.

I don't know if I have answered your question, but the fact that the four bargaining units are forming a common front for the first time in the history of Canada Post says a lot about the situation.

Hon. Steven Blaney: Of course.

Guy Dubois: I think that this is important to all of us.

[English]

Hon. Steven Blaney: Does anyone else want to comment on the challenge with regard to the governance structure and the relationship? When there's an issue, how do we work together?

Monsieur Paradis.

Mr. François Paradis: There may be a number of things. Consultation is a huge problem. I can name four or five examples in which the law technically makes it mandatory for an employer to consult with its employees or co-develop certain things.

The way we've been consulted in the past was essentially to be told here's the document, here's the plan. We're there to consult, but then they say, well, unfortunately, we can't really move on this, because we've already sent it to the board of directors; it's already approved by the board of directors, so really we're just letting you know what the plan is. That's considered a consultation. The issue with that is that creates labour relations issues, it creates grievances, it creates legal challenges.

The five-point action plan may be the perfect example of this. We were in bargaining, and the corporation's position was that they were offering a deal, which we really didn't want, and they told us essentially that if we didn't bring this to the membership, they would offer a worse deal; so, under threat. Right after we agreed to bring that final offer to our membership for a vote, they suddenly came out with the five-point action plan. They hadn't consulted with anyone prior to that. We filed some unfair labour practice complaints.

That was also part of their rationale to say that they would never get a special deal from the Government of Canada for the pension plan. Sure enough, right after that happened, with the five-point action plan, they released the temporary pension solvency relief. So we were blindsided by the five-point action plan and we were blindsided by the pension relief. I would say we were more than blindsided, actually; we were misled, because we were told that would never happen.

The public message is always that they work with the stakeholders, but my personal experience has been the complete opposite.

Hon. Steven Blaney: Okay.

Mr. Palecek, we still have one minute.

Mr. Mike Palecek: I would echo some of the concerns of François around the consultation of Canada Post. They're required legally to consult with us on a number of things, and also contractually. As was stated, it's typically done in a meeting where they simply tell us what will happen, and that's not consultation. At the same time, we're often blindsided by announcements. I believe we were given 11 minutes' notice of the announcement of the five-point plan and the elimination of door-to-door delivery. I thought that was rather inconsiderate. It certainly isn't conducive to good labour relations.

Hon. Steven Blaney: As I think I mentioned to Ms. Simpson, we were happy to know there was an agreement, so that.... I want to say also that there's the trust: we know that when we put a letter in the mailbox, it will get there. I think this a forgotten asset of Canada Post.

Thank you, Mr. Chair.

[Translation]

The Chair: Ms. Trudel, you have the floor and you have seven minutes.

Ms. Karine Trudel: Thank you, Mr. Chair.

I thank the witnesses for being with us today.

I have a lot of questions to ask but I want to proceed quickly because I want to hear what you have to say.

My first question is for Mr. Palecek. You may speak afterwards, but I would like you to answer my question first.

Earlier you began to speak about the report. I would like you to tell us more about the elements that are inaccurate according to your studies, and according to what you said. I would like to have more details on that. What should be in that report that is not in it at this time?

● (1705)

[English]

Mr. Mike Palecek: As I said, we'll be providing a full list of all of this as we go through it. Simply in the meantime, there's no critique of Canada's banking system, for example, or the banks. There's no analysis of the payday lender problem in this country. In their polling they didn't ask a basic question. They didn't ask people who live in communities without banks, but with post offices, whether they'd use a postal bank.

There's nothing on Canada Post's financial performance in 2016 and the fact that the corporation reported the highest January to June profits since 2010. The task force mentions that Canada Post has an \$8.1-billion solvency deficit, but they don't talk about the going concern increase from \$1.2 billion to \$1.6 billion, and of course that's averaged over five years. The going concern surplus on the pension plan is actually \$2.7 billion for last year alone.

Their use of information is very selective. The unnamed experts they quote from throughout the document need to be named. We need to see the analysis of how they actually came up with this stuff. We need to see the opinion of the experts who gave contrary information, because there were some. We know that they had experts they met with who talked about how postal banking could work very well.

They didn't mention the study we gave to them that indicates that the value of ad mail decreases with centralized delivery and decreases in the eyes of the customers. They tend to mention negative information and leave out positive information. We see this throughout the report.

We'll most certainly be providing the committee with these details at a later date. Our members will be engaging with this throughout the country once the committee goes on the road. You'll have an opportunity to hear from postal workers about all of our submissions in detail.

[Translation]

Ms. Karine Trudel: Is there anyone who would like to raise some points that are not in the report?

[English]

Ms. Brenda McAuley: I guess my biggest thing was when they said that Canadians were serviced just fine with banking. We know that's not the case. In Newfoundland, 84% of the communities do not have a bank or credit union. They don't talk about what it's like for those rural Canadians to get to those banks. In one community, actually in Newfoundland and Labrador, in the winter they have to go by skidoo, which takes six hours to get to their bank; in the summer it's about a three-hour boat ride, or a \$500 plane trip. That wasn't addressed.

Our stats show that 50% of the communities in Canada, 50% in each province, don't have a bank or credit union. That was really problematic and erroneous from our perspective, and a great concern, especially with the indigenous communities not being fully serviced. Well, 9% of the communities are being serviced, but that's it. I feel that should be part and parcel of the universal service obligation. Every Canadian should have a right to a bank account, and that certainly is not the case. We talked to folks who are 60 years of age and have never had a bank account in their lives.

It was unfortunate, I feel, that the task force committee did not look at our study, because our study was very extensive, and our expert was John Anderson from Anderson Consulting.

Mr. François Paradis: It's something that will be in the written submission later on, but part of the issue I think is the availability of the data as well. When I received a copy of the task force report I sent in a request to the secretariat for the information, essentially for the polling data and the names of the third-party experts who were consulted. I just received a response maybe half an hour ago, so it makes it very difficult for us, for me anyway, to build a real presentation and consult meaningfully with actual data. If we'd had that data, I think we would have been able to consult in a better way.

It's also concerning to me that when I did receive the response from the secretariat, they named the primary partner, but they also say they've dealt with a bunch of other experts and they don't seem to be naming those experts. The question I had specifically addressed, especially for postal banking, was did you seek experts from the banking industry? I would personally see that as some form of conflict of interest, and I think you'd need to disclose that in the discussion paper. I didn't, again, see that. I didn't see any form of disclosure. I also don't understand why you can't name, on the paper itself, the actual experts who you consulted. The polling data can be pretty large, but I don't know why you wouldn't be able to attach that in the paper to name specifically the experts who you consulted.

The paper itself seems to, in a lot of cases, go in one direction essentially to build justification for an expected result, as opposed to providing what I believe to be an objective or empirical review of the

facts so that any individual can have a real discussion about the options in front of us.

• (1710)

The Chair: Thank you very much.

We'll go to Monsieur Drouin for seven minutes, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

[Translation]

I thank the witnesses for being here with us today. We appreciate it very much.

At the outset I would like to say that personally I do not see unions as an obstacle to a solution, but as part of the solution.

[English]

We're talking a lot about postal banking, and this is what I want to focus on for the rest of the time I have.

I have read your document on postal banking, and I agree; I come from a rural area, and I agree that in some communities, especially in the "t-communities", as I call them, some banks have left. The only thing left is Canada Post.

One of the comments I've read is that a postal bank can be quickly put in place because it already has the infrastructure—I agree—staffing and products and technology, and Canada could do this transition fairly quickly, offering a wide range of financial services. That's where I'm not sure, and I haven't yet made up my mind on what type of financial services Canada Post could potentially offer.

I noticed in your report you quoted a Scotia Bank executive, a VP of retail distribution. To paraphrase, customers do not go into branches much, but when they do, they ask for advice, and when they start asking for advice, that's where the technicalities come in for training. As you know, as soon as you ask for financial advice you have to be a certified financial planner; there are provincial regulations in place.

How did you plan on that? For me, if Canada Post would have access to its potential pool of employees, who are not trained, versus outside employees, who are already trained, who are either coming out of college with a CFP certification or they already have their mutual fund licences.... I think Algonquin College already offers that. I don't want Canada Post or its employees to shoot themselves in the foot when Canada Post could have access to other employees. How did you envision that?

Ms. Jan Simpson (First National Vice-President, Canadian Union of Postal Workers): Currently, many Canada Post employees at the retail counter do verification of passport applications. We attend the government passport training school in Toronto, for example, for a one-week period. We could also attend the banking training sessions that are offered by the banks and other institutions as you mentioned, Algonquin College and so forth.

For any kind of work we do at the retail counter, we are properly trained and we meet the standards that are required by law. So I think we can do outside training, like we do for passport training. We're also FINTRAC-trained, which is the highest level of security training that is offered for Canada.

Mr. Mike Palecek: I think if you look around the world at where postal banks have been brought in, this has been dealt with. In Morocco, for example, where they brought in their postal bank six years ago, they established a training centre for those retail members.

At the same time, part of our collective agreement allows us to develop these joint projects with management and figure out how that would roll out. What is needed first is the will on both sides to move ahead so we can figure out the next steps. Canada Post has a very highly trained and educated workforce that has passed security screenings and various things, so we know we can do it. I'm sure we can. It's been done around the world with great success, and we can do it here too.

Mr. Francis Drouin: I see a role, especially in rural Canada, where there's a lack, but again, it goes back to.... In my communities, caisses populaires are often there, but some of them are leaving, because I believe they just don't see a return on investment.

Yesterday I said that my grandmother still needs a place to go, in her t-community, to access banking services and if she wants to take cash out. I see that, but my grandmother is not going to be here in 20 years, so are we talking about a 20-year cycle or do you guys see this as a longer-term investment, a really long 20- to 40-year investment for postal banking?

Right now my generation doesn't go to banks. We rarely step into the banks. Even banks right now are calling themselves fintech companies. They have institutions, but as you reported, they're closing their banks more and more. There is still a market for that and especially for seniors who may not have the necessary skills to go online and they don't trust online banking, so they'd rather meet somebody in person. I do believe there is a role to play in rural Canada. But do you believe there would be a return on investment for 15, 20, or 30 years?

• (1715)

Mr. Mike Palecek: That plan would have to be developed, but if you look at the postal banking report, which Canada Post still refuses to release, it talks about using a “clicks and mortar” strategy. They would leverage both online banking and also their existing retail outlets. As people's banking habits change, it would be situated to make those changes with them.

[Translation]

Mr. Francis Drouin: Mr. Dubois, did you have something to add on this?

Guy Dubois: We aren't talking only about financial services; it goes further than that. Canada Post has the biggest retail network in the country. Other services that are not being offered today could be offered to people to rural areas.

Earlier, we were asked if we saw this as a service or as a business that has to make money. We replied that it was both.

In cities, that is obvious, but in rural areas, there is no money to be made, and there is no point hiding that. Packages that cannot be

delivered by UPS and the other shippers are delivered by us. The buildings belong to us and the employees are on site. We are able to provide services, other than financial ones, in order to ensure a presence in rural areas.

Mr. Francis Drouin: Mr. Dubois, colocation is often mentioned in connection with rural areas. Service Canada is present in communities of 5,000 or 10,000 residents, but it does not have any service points in smaller communities, which means that people have to travel longer distances to go to one of its offices.

Can you envisage a possible link between Service Canada and Canada Post?

Mr. Guy Dubois: The question you are asking provides a good opportunity to show all Canadian men and women that we are there to support them. It is not acceptable to have to drive for two or two and a half hours to obtain a service. Today, we are young—and you are younger than I am—but tomorrow, this will change. At a certain point, we may find ourselves in a rural area and we will need services.

Mr. Francis Drouin: Fine.

Thank you very much.

The Chair: Mr. Blaney, you have the floor.

Hon. Steven Blaney: Thank you very much, Mr. Chair.

I read the report with interest. I discussed the banking system possibility with some representatives. The report reads: “Launching a traditional postal bank today would be [...] an expensive endeavour [...]”. Profit potential would be limited, and investments in infrastructure would be required.

Upon reading the report, this does not seem like an interesting avenue. I would like to hear what you have to say on this, because you are really the mail delivery experts.

[English]

If I understand correctly, Canadians would be ready to accept mail delivery once every two days, once every three days, or maybe even less frequently, but for parcels it seems it is important that they be delivered. I think Mr. Chopra used the expression “mail-centric”. In my experience, mail and parcels are delivered at the same time. If we break it down, is it a way to modernize, make savings, and adhere to the needs of the people? I'd like to hear you on that.

Maybe Mr. Palecek could respond.

Mr. Mike Palecek: I think it is a solution to a non-problem, to be honest.

If you only get mail two days a week, you don't have a letter carrier walking up to your front door with empty mailbags the other three days. We have a route measurement system that accounts for fluctuation in mail volumes, and Canada Post is very well situated to adapt to that. Over the last 10 years, as letter mail has begun to decline, the number of letter carriers has declined by the same percentage. That's already built in. If you only get a letter once a week, you only have a letter carrier coming to your door once a week.

Some people get mail five days a week and they rely on that, but if you break the delivery model where they deliver the parcels and letters together, it will become a lot more costly. They can save a lot of money...because what it would mean is you'd have basically two people going up the street every day. In that sense, it makes it more environmentally friendly to deliver.... Actually, Canada Post delivers parcels with the lowest carbon footprint in the industry. They do that precisely because they are able to combine this work and combine efficiencies. That's on a financial scale, but also on an environmental scale and others.

• (1720)

Hon. Steven Blaney: Does anyone else wish to comment?

In my case, with a community postal box, nobody comes to my door. It goes to the mailbox.

Are there any comments on that? Is there a real...?

They say that to deliver the mail one day out of two—and I would be fine with that, because it's mainly bills I get—would be a \$74-million savings. Is it viable to separate parcels from mail from an operating point of view?

Mr. Howie West (Work Reorganization Officer, Programs Branch, Public Service Alliance of Canada): I think there's a methodological inconsistency in the question itself, in the notion that people, if they're getting mail five days a week, don't want mail five days a week. I think that opinion is very much qualified by the fact that a lot of those people may indeed have postal mailboxes.

Do I want to go to my community mailbox five days a week in the winter? No, I don't, because I have to buy a lighter and heat up the key to get into it sometimes. I don't want to go through that bother. If that mail came five days a week to my mailbox, which I get five days a week, do I want it? Yes.

I think the notion that the community mailboxes are there needs to be taken into account when we look at that statistic. Going back to what Mike said—

Hon. Steven Blaney: I would have it seven days a week, if I could. It's whether there are other ways. I understand that we want to find a way—and this is in the report—to seek sustainability. That's why I believe these issues have been brought to the table, in my view.

[Translation]

In an ideal world, I would receive mail every day and even on weekends, but as others have pointed out, there are people who do that. I wonder if it is profitable. These are some of the questions that are being asked.

[English]

Am I done, Mr. Chair?

The Chair: We'll have to hold off on that answer, if you wouldn't mind.

Madame Shanahan, please, for five minutes.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you, Mr. Chair. I'll be sharing my time with Ramez. I'll give him two minutes.

I want to start off on a positive topic. We heard yesterday how much Canadians appreciate Canada Post, and are satisfied with the current level of service, but I think it's that trust level that they have in visiting their post office, in seeing their delivery person; we know that's not sustainable right now, and there have to be some changes.

One suggestion that was provided was to turn Canada Post offices into community hubs. What additional services would you propose to make corporate post offices attractive to citizens in rural communities who tend to congregate in these locations? As it is, people go to collect their Revenue Canada paper-based documents—although that may be disappearing very soon as well—and you mentioned passports, social insurance number applications, EI, and so on. What do you see?

Mr. Mike Palecek: We can see a variety of services. A lot of them would have to be locally developed when we're talking about community hubs.

The reason we put some of these ideas forward is that post offices are already real centres in their communities. It could be a good opportunity to showcase, for example, the work of local artists or small businesses. A variety of things could be done. It's mostly recognizing the role that the post office already plays in a lot of these small towns. When you have the largest retail network in the country, the options are wide open as to what could be brought into that retail network.

• (1725)

Mrs. Brenda Shanahan: Could I ask whether there have been any studies as to what other services could be provided?

If you don't have the answer, Mr. Palecek, maybe somebody else could interject.

[Translation]

Mr. Guy Dubois: If there is one, we don't know about it.

I'd like to get back to what I was saying, regarding the fact that the report mentions that Canadians are not favourable to the massive layoff of employees.

In order to avoid that, I think that solutions should be found jointly with the employer. We all have some ideas in that regard. In order to explore these avenues, we have to sit down together to study the problem and see how we could save Canada Post, and make sure that that corporation is viable. We have to avoid negative effects.

Pleasing everyone is not going to be easy, but I'd like to get back to what I was saying earlier, which is that it would be desirable to sit down with the employer and try to come up with something together with him.

[English]

The Chair: Thank you.

Mr. Ayoub.

[Translation]

Mr. Ramez Ayoub: Thank you, Mr. Chair.

I'm going to be quick, because I only have two minutes.

There is a crisis of confidence. That is my reading, and what I perceive in the report. This is unfortunate. It is clear that trust has to be rebuilt with the authors of the report and with upper management.

Have you held any meetings since the five-point action plan was released to see what could be done and to plan for the future? Have there been any meetings on this since the five-point action plan was published?

[English]

Mr. Mike Palecek: There have been no meetings with senior management and myself since the task force report came out, although we have set one up and within the next couple of weeks we'll be meeting with Mr. Chopra to discuss this.

[Translation]

Mr. Ramez Ayoub: The action plan was put in place at least two years ago. There has been a change of government, and currently communication and briefing sessions are being reinstated for you, and also for Canadians.

Mr. Dubois mentioned that you were not aware that the employee pension plans were going to go into deficit. I was surprised to hear that, because normally the unions and the upper management of an enterprise, public or private, speak to each other and follow the evolution of the pension plan.

Mr. Guy Dubois: We meet twice a year.

[English]

The Chair: We have only a few seconds left, sir.

[Translation]

Mr. Guy Dubois: During those meetings, we discussed pension plans and certain other issues. I have been sitting at the national level for seven years, and yet no one ever banged on the table and told us that things were not going well and that we had to talk about it.

Mr. Ramez Ayoub: Thank you.

[English]

The Chair: Thank you.

We will go to our last three intervenors: Mr. Blaney for five, Mr. Robillard for five, and we'll finish off with Ms. Trudel for a three-minute round.

Mr. Blaney, please.

[Translation]

Hon. Steven Blaney: To follow up on what Mr. Ayoub was saying, how can we deal with the problem if we are not made aware of it?

I'd like to go back to a paragraph on page 63 of the Canada Post in the Digital Age report. It startled me. It reads as follows: "In the

absence of major business and operational changes, as well as reduction in pension costs and funding, Canada Post's financial self-sustainability is not achievable in the medium and long terms."

It certainly is not pleasant to hear the boss or the employer say that you have a problem and are really in hot water. I'd like to hear your point of view on that, Mr. Dubois.

I think that the committee is going to have to recommend improvements. I am thinking again of the governance structure and the best possible potential solutions. In my opinion, the workers should be part of the solution regarding the avenues to be considered, and should be doing so in cooperation with Canada Post management.

Finally, I would like to know how you view attrition in connection with the challenge being faced by Canada Post. I'll start with Mr. Dubois.

• (1730)

Mr. Guy Dubois: Could you reformulate your question, please?

Hon. Steven Blaney: The first point was: how do you see the deficit challenge, and how would like to be part of the solution? We were told that a lot of employees were supposed to be leaving. Could the transition to a new model adapted to the new reality be done gently?

Mr. Guy Dubois: I said earlier that we were part of a process regarding the five-point action plan. We were open with the employer, but this was unfortunately not the case at every level. I am referring here to the other three bargaining units that were involved. The most important one is CUPW. Personally, I don't think CUPW was consulted adequately. I believe that consultation begins when the four parties are seated at the same table. Obviously we aren't going to agree on everything, but as I said earlier, everything can be debated when discussions are held.

[English]

Hon. Steven Blaney: Mr. Palecek, how do you see the workforce and the challenge?

Mr. Mike Palecek: I think one of the bright spots of the task force report is that it actually presents a number of options for some of our pension issues, without affecting the benefits of members or retirees. It puts forward several options. Of course, we'd be willing to talk about anything that moves in that direction.

We don't believe that the solvency test is an effective measurement of our pension plan. There are a lot of reasons for that. One of them is, of course, that Canada Post isn't going to be winding down any time soon. It doesn't make sense for a government-owned entity to be covered under this same test. But at the same time, the test itself isn't reflective of our pension plan. The real-world growth of our pensions and the return on their investment is five times what that solvency test projects it to be for the future. So either the test could be reformed or we could be removed from it, or another option, but we're certainly willing to talk about that.

Hon. Steven Blaney: Thank you.

[Translation]

Mr. Paradis, did you have something to add?

[English]

Mr. François Paradis: I'm not sure I necessarily understand your question in terms of an attrition problem. Normally the way you deal with attrition is that you have to figure out where people are leaving from, develop some form of attrition plan or some form of succession plan, and figure out basically which positions you need to staff. If you have a high turnover or a high attrition, then you need to figure out where that's coming from and what you need to have the right people in place to do those jobs.

In terms of pensions specifically, the unions have taken an approach that we're looking for permanent solvency relief. That was sent to Minister Foote, referred to Bill Morneau, and I believe Canada Post as an organization took the exact same position back in 2008 during a legislative review.

In terms of the options provided in the document, I'd be more than willing to explore or at least consider those options as long as they don't negatively impact any members of the plan. We did raise that option as a side note with the pension advisory council at Canada Post. I asked basically if Canada Post would be doing some form of analysis of the options provided by the task force in terms of how it impacts the plan. I received two responses. Response A was that the task force document was new, and response B was that, well, it wasn't their report.

The Chair: Thank you very much.

Mr. François Paradis: I still don't have a clear response from the corporation.

The Chair: Thank you very much.

Hon. Steven Blaney: *Merci.*

Sorry, Madam McAuley.

[Translation]

The Chair: Mr. Robillard, you have the floor, and you have five minutes.

[English]

Mr. Yves Robillard: May I share one minute with my friend Mr. Whalen?

[Translation]

The Chair: Fine.

Mr. Yves Robillard: Ideally, we want to make Canada Post profitable. This may require changes. However, I want to ensure that we will not set aside the safety of users. In your opinion, what means are available so as to guarantee the physical safety of users and postal employees, regardless of any changes that are made?

[English]

Mr. Mike Palecek: We certainly haven't seen the emphasis on safety that we would like to see at Canada Post. That covers everything from health and safety to our workforce. We know that Canada Post has under-reported their injury rates. There's a major issue there.

We're certainly aware of the challenges faced by putting community mailboxes into neighbourhoods that weren't designed for them, and the risks posed to the public. We have submissions that go into that on our "Home mail delivery vs. community mailboxes"

page, which talks about exactly that, some of those issues and the challenges faced.

In terms of health and safety, it really is both the public and our members at risk. I mentioned earlier the potential for an increase in repetitive strain injuries and so on. For the public, you're now going from a place where you have one letter carrier walk into the street to now the whole public having to come to one central location to pick things up. We see an increase in slips, trips, and falls. There has already been a number of serious injuries as a result of community mailboxes. That's a fact.

• (1735)

[Translation]

Mr. Yves Robillard: In your experience, what means are available to citizens to solve a problematic situation they encounter in connection, for instance, with a community mailbox situated in a potentially dangerous location?

[English]

Mr. Mike Palecek: Well, as I think we've experienced over the last couple of years, there's very little recourse. Some citizens have gone to extreme lengths, even occupying places and sitting down on lawn chairs to stop the boxes from being implemented. The City of Hamilton went to court to try to get some control over this. That's still winding its way through the appeals process.

I think it's quite clear that at least over the last couple of years, as they've rolled out the placement of mailboxes, the public consultation and the willingness to listen to complaints from within the neighbourhood have been completely lacking.

Mr. Yves Robillard: Okay. Thank you.

The Chair: Thank you.

You have about a minute and a half, Mr. Whalen.

Mr. Nick Whalen: Oh, wonderful.

The Chair: It's very generous.

Mr. Nick Whalen: First, I would like to thank all of the unions for coming to present to us today. We know it's tight on the heels of the task force report. Most of your presentations will be coming to us in a written form.

I would like to suggest to the room and to the committee that, given the compressed timeframe today and the votes, we attempt to schedule another three-hour session involving the Canada Post Corporation itself; dedicate a second hour to the Canadian Union of Postal Workers; and then, to make sure we hear from the other unions on their own as well, dedicate a third hour to the other unions we have here today.

My question, then, to the unions is this. When we return from our road tour over the next four or five weeks, depending on what happens with our scheduling, would you be prepared to come back and meet us at that time, but attempt to get the written submissions in as soon as possible so we have an opportunity to digest them, discuss those ideas presented with Canadians across the country, and then pose further questions to you on those more detailed analyses?

Mr. Mike Palecek: Absolutely.

Ms. Brenda McAuley: I agree.

The Chair: I see general nodding of consensus. I can take that as unanimity.

Thank you very much.

Thank you, Mr. Whalen. We'll certainly take that up on our steering committee.

Our final intervention will be three minutes, from Mademoiselle Trudel, please.

[*Translation*]

Ms. Karine Trudel: Thank you, Mr. Chair.

When we met with members of the task force yesterday, we discussed the fact that the calculation of the average Canada Post revenues included the year 2011. We know that there was a lockout in 2011 and that pay equity payments were made.

I would like to know whether it seems fair to you to include 2011 in those calculations.

[*English*]

Mr. Mike Palecek: I think if you look at our submission around the pattern of deception and misinformation from Canada Post on its finances over the last several years, you'll see that one of the issues is that Canada Post often glazes over substantial one-time issues that caused it to lose money. They also like to run around like Chicken Little, saying the sky is falling. The truth of the matter is that in 2011, they had to settle a major pay equity lawsuit that stretched back almost three decades. They also locked out their workers that year. I'm not surprised they lost money in 2011, although the vast majority of it is from the pay equity case.

● (1740)

The Chair: Are there any other thoughts?

Ms. Brenda McAuley: Currently our postmasters union has an outstanding pay equity complaint from 1993. We have just had a decision from the Federal Court that we could move forward and take it to the Canadian Human Rights Tribunal. I'm hoping that our pay equity complaint will be resolved in the very near future.

The Chair: Does anyone have final comments?

Okay. Thank you very much.

Colleagues, on your behalf, I would like to thank all of the witnesses here today.

I'll choose my words carefully here. I appreciate the fact that you've given a different perspective from some of the testimony that we've heard earlier. Coming from a family where one of my brothers-in-law is a letter carrier, I know he would appreciate your comments here as well.

As Mr. Whalen said, we will be going on the road starting next week. We will have consultations in eastern Canada, central Canada, and western Canada.

You mentioned, Mr. Palecek, that many of your representatives will be appearing before us. We look forward to that. We look forward to your submissions as well.

This committee is charged with the responsibility of developing a report and presenting it and tabling it in Parliament before the end of this year. We look forward to further dialogue and further discussions with you as we approach that deadline.

Thank you once again.

We are adjourned.

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