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Chair

Mr. Tom Lukiwski

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• (0905)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Ladies and gentlemen, let's get going.

Thank you to our panellists for being here.

As you know, the minister responsible for Canada Post, the Honourable Judy Foote, engaged in a widespread consultation process to talk about the future of Canada Post. The consultation took two forms. The first part of the consultation process was to establish a task force whose mandate was to examine the financial viability of Canada Post and the sustainability of Canada Post. That task force report was completed. The task force filed their report and they appeared before the committee.

Phase two of the consultation process is to engage Canadians from coast to coast to coast, asking their opinions on what they see as the future of Canada Post and how they see Canada Post operating, both now and in the future. That's why we are here today. Thank you for being here.

As I believe our clerk has told you, we have a pretty simple process here. We'll ask each of you, when it's your turn, to make a brief five-minute opening statement. Once all panellists have given their statements, we will engage in a question and answer period with all of our committee members. It has been our experience that most of the information you wish to transfer to our committee comes forward in that Q and A period, so if you're a little long on the five minutes, I'll interject to try to keep you on time. I'm sure all of the points you wish to make will come out during the Qs and As.

With that brief introduction, I think we'll commence.

Madam Huberman, we have you up first. You have five minutes or less, please. The floor is yours.

Ms. Anita Huberman (Chief Executive Officer, Surrey Board of Trade): Thank you so much for allowing me to present today.

The Surrey Board of Trade is a business organization in the city of Surrey. We attract business and support business in the city. We've been in Surrey since 1918.

The Surrey Board of Trade welcomes the opportunity to participate in the independent review of Canada Post, launched to consider viable options for postal service in Canada. We recognize that Canada Post must make changes to ensure that it remains a viable business and can fulfill its mandate of mail service to all Canadians. While the future of Canada Post will move from a greater proportion of letter mail to feature parcels, the Canadian postal

service charter obligates it to deliver. To fulfill its mandate of financial self-sustainability, Canada Post, a crown corporation, faces necessary realignment. We want to let you know that we certainly recognize that.

Within our membership, we have 6,000 business member contacts representing just over 2,200 businesses that are members. We have around 80 not-for-profit charities that rely on Canada Post as an important vehicle to get their message out.

We did a survey in advance of this presentation. One specific charity sends their flyers to over 3,500 businesses in the city. They really do rely, still, on mail from Canada Post. They use the snail mail postal system to deliver their brochures, their donor forms, and return envelopes. This has been really effective for our charities.

There's another piece I want to let you know about that has been very important, not only for our board of trade and for our members but from a Canadian Chamber of Commerce perspective. That is the promotion of the VentureOne program, especially for the small business community. This is the package program that really enables our small businesses to save bottom-line costs. There are opportunities to work with businesses and to promote programs like that.

We also would like to work with Canada Post to promote business flyers and ad mail deliveries, and to really focus on parcel delivery as a cost-saving option for businesses. Canada Post must reduce operating costs. We know that future community mailbox security mechanisms need to be focused on.

The other piece I want to mention is with regard to the five-point action plan that Canada Post put forward. When the installation of the community mailboxes does take place—I know that's being integrated into new residential developments—we would ask that they do take a look at how much is being afforded in terms of the \$200 fee per address. There are development costs, especially for residential developments, that could be compromised. There are ways to work with developers, especially in a growing city like Surrey. We estimate that it will be the largest city in British Columbia in less than 12 years.

The final point I would like to make is that just over 50% of our population has a mother tongue other than English. There are opportunities to work with our immigrant communities and with our refugee communities. We are the highest refugee population recipient within British Columbia. There are opportunities for Canada Post to really work with our refugee and immigrant communities.

Thank you.

The Chair: Thank you very much.

Next up, we have Ms. Stern, please, for five minutes.

Ms. Pamela Stern (Assistant Professor, Department of Sociology and Anthropology, Simon Fraser University): Thank you for the invitation to be here today. My name is Pamela Stern, and I'm a professor of anthropology at Simon Fraser University.

My research concerns the way that Canadians feel and act as citizens as we interact with each other and with all levels of government. Please be aware that I have not made a study of Canada Post and therefore cannot speak to the specific relationships of Canadians to the institution. I can speak in general terms about the way that institutions like Canada Post work to foster a shared sense of identification as Canadians, and I can speak specifically about one Canada Post contract service: international money transfers.

I read the consultants' report, "Canada Post in the Digital Age", and found it very interesting, though I would like to draw your attention to an area of inherent contradiction in the mandate of Canada Post. That contradiction has to do with Parliament's requirement that the corporation, first, provide universal service to all Canadians; second, compete with private for-profit corporations; and third, do both of these without taxpayer subsidies.

As the report points out, Canadians have a positive view of Canada Post. I would argue that this is at least in part because of Canada Post's universal service obligation, yet we all know that no private corporation would be required to serve every city and small town in Canada without subsidies.

Not that long ago, Canada had a number of institutions created and funded by taxpayers with the specific goal of unifying our geographically dispersed and ethnically diverse population. These included the CBC, the National Film Board, national parks, CanCon, and airports. As government support for these institutions has been scaled back, Canadians have become less knowledgeable about our country. This is one reason that Canada Post and its universal service obligations are critical.

As the report points out, Canada Post maintains the last remaining comprehensive national public service network in Canada. Canada Post clerks and mail carriers are the representatives of the federal government that Canadians encounter most frequently. As such, Canada Post is the positive face of the nation and the government.

Canada Post is a symbolic representation of Canada, and symbols matter in ways that cannot be monetized. A few years ago, I headed a research project looking at citizen engagement in a small town in northern Ontario, a place that was once economically important but now is held together by the sheer determination of its residents. In talking to those residents about their civic participation and their sense of themselves as citizens, I was struck by how many times people spontaneously spoke about Canada Post's designation of the town as a postal address, a place to which the residents of smaller places nearby had to come to pick up their mail. The physical presence of the post office bolstered these residents' faith in future of their town.

With my remaining time, I would like to address Canada Post's involvement with international money transfers through its contract with MoneyGram. My knowledge of this comes from research done by some of my students as part of a class I taught in 2013.

Substantial numbers of Canadian citizens regularly send money—remittances—to relatives living in other countries. Most of the academic and popular literature about remittances considers them a kind of foreign aid, but what my students found instead is that Canadians send money to relatives abroad for exactly the same reasons that Canadians send money to relatives within Canada: to pay for a child's tuition, for nursing care for an aging parent, or for a small business loan. Many of the Canadians sending remittances earn quite modest incomes, and yet Canadians pay some of the highest fees in percentage terms to send money.

International money transfer is an important service that Canada Post should continue, but perhaps through a non-profit model, such as that available through the Universal Postal Union. In fact, I would like to see Canada Post take on some other financial services for Canadians, such as payroll cheque cashing, and to do so at fair and modest fees. This, I believe, would advance Canada Post's position as a public institution that is accessible, equitable, and universal.

I want to urge this committee that any changes you recommend for Canada Post should remind Canadians of their common interests and strengthen Canadians' identification with the nation, rather than further weaken those ties.

• (0910)

The Chair: Thank you very much.

Our final panellist will be Mr. Armstrong.

The floor is yours.

Mr. Tim Armstrong (National Director, Pacific Region, Canadian Union of Postal Workers): On behalf of the Canadian Union of Postal Workers, I'm grateful for the opportunity to appear before the Standing Committee on Government Operations and Estimates.

I'd like to use my time today to address a key component of our public postal service, which is universal service at a uniform price. I've taken the liberty of handing out that part of our extensive brief for your reference so that you have it in front of you.

As a crown corporation, Canada Post engages in both public and private activities, but is ultimately designed to serve the public interest, not simply to maximize profit. Universal service at a uniform price is one of the ways the corporation does this. Canada's geography is vast and its density is sparse outside of major urban centres. The post office has played a key role in the development of our vast land. It has linked communities and united regions and territories. It has ensured that all people, regardless of geographic location, have enough access to an affordable means of communication. That is why the core principle of the public post office is that a basic letter can go anywhere from coast to coast for the same price.

An address is an address no matter where in Canada. Despite changes in mail use over the years, support for that principle remains very high today. Although it did not appear to make the list of 37 options, we're very concerned that the task force mentioned the possibility of distance-based pricing for letter mail. A pricing scheme like that undermines the very idea of universality. It's hard to see how it would be in the interest of Canadians or Canada Post as a public service.

Some mail users could be forced to pay a higher price merely because of where they live or do business. We're very concerned that this would discourage the use of the mail system and in turn suppress volumes and revenue. It could also have a disproportionate impact on seniors, low-income and middle-income rural residents, and people in northern and indigenous communities. This situation would be compounded where there's a lack of online connectivity, further marginalizing those who rely on the mail as a vital form of communication to access government and other services not available in their area.

As noted in our submission, and I'll refer you to page 12, distance pricing also conflicts with the findings and recommendations of previous post office reviews. We also included polling data spanning the last 20 years, which shows virtually unwavering support for uniform pricing. As far back as 1996, Angus Reid reported that 91% of respondents were in favour of universal service at uniform rates. Polling by Ipsos Reid in 2008, and Stratcom in 2013, examined the loss of uniform pricing in the event of deregulation. In both cases, opposition to deregulation was very strong at seven out of 10 people. However, many proponents of deregulation—44% in 2008 and 58% in 2013—would change their minds about allowing private companies to deliver the mail if it meant that uniform pricing could be jeopardized.

Given the necessity and popularity of the uniform rate, how should basic letter prices be determined? As required by subsection 19(2) of the Canada Post Corporation Act, postage rates must be fair and reasonable, and when combined with other revenues, be sufficient to defray the costs incurred by the corporation in the conduct of its operations under the act.

On postage pricing, we recommend the committee consider the creation of a comprehensive postage-rate-cap model that accommodates for inflation plus Canada Post's other input costs. I'll refer you to page 10 of the brief.

The 2008 strategic review recommended similar measures. Such a simple and clear measure creates a transparent policy that upholds the requirement of fair and reasonable pricing. It would create some independence from political pressures on postage pricing, and it could also provide the public, non-profits, small businesses, and commercial mailers with the ability to plan for incremental increases.

Finally, it would help avoid the sticker shock of drastic rate hikes that seem to be of general concern to the public and businesses, as we've seen with the 35% to 59% increase that's part of Canada Post's five-point plan.

We would also like to see a narrowing of the gap between commercial and individual pricing, with one exception. We would like the committee to recommend the creation of a special rate for

qualified non-profit organizations, similar to that of the United States Postal Service.

● (0915)

I would like to thank you for the time today to present to you. I would also be happy to answer any questions you might have.

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

Thank you all.

We will start with our seven-minute round.

Madam Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Ms. Huberman, you talked about your 3,500 businesses that would like to ensure that ad mail or parcels are delivered. Would you like to see daily delivery or according to the task force, alternative-day delivery? What should it do?

Ms. Anita Huberman: I think it is a luxury to have daily mail service. I think the committee can look at, and we would be amenable to, having three-day delivery during the week.

The reality is that we live in a new economic paradigm, a new social paradigm, and I think even our charity members, our not-for-profit members, would be amenable to reduced service.

● (0920)

Ms. Yasmin Ratansi: The other businesses said no, that if they want to deliver a parcel, they want their parcel delivered on time. With regard to the different dates for delivery of parcels or letters, they said, "We're going the same route, so we'd have to work through efficiencies."

It's good to hear a different perspective from your bushiness. We're here to get new ideas.

You talked about VentureOne. What other avenues do you think that Canada Post could pursue to increase its revenue?

I would ask all three of you to answer that question.

Ms. Anita Huberman: Again, I think there is opportunity to dialogue, especially with our small to medium-sized business community. Surrey is certainly an SME-type of community. We're a city of innovators and entrepreneurs. We're willing to dialogue on new ways for Canada Post to consider financial revenue mechanisms.

I think packaged services, whether it's stamps, whether it's courier, whether it's opportunities for.... There's a partnership program that Canada Post has in place, marketing opportunities, marketing training for small to medium-sized business. These are avenues for Canada Post.

Ms. Yasmin Ratansi: Thank you.

Ms. Stern, do you have any thoughts on that?

Ms. Pamela Stern: Yes. As I alluded to in my statement, I would like to see Canada Post move back into postal banking, perhaps slowly at first. There are maybe a million Canadians who are unbanked or under-banked and are victimized by cheque cashing services with outrageous fees. There are small, remote, rural communities that have no banks but they have post offices.

Ms. Yasmin Ratansi: Did you take a look at any of the other countries that...

You know, postal services across the globe have faced challenges. With the advent of technology, we have reduction in mail. People are not mailing letters.

Our population is very sparse. If you compare our population to England, Ireland, Scotland, Switzerland, etc., those are competitive to the current banking. Would you suggest a private-public partnership?

Ms. Pamela Stern: My personal opinion is that it should be public and not private. Canada Post needs to break even; it doesn't need to make a profit. It's a public service, and it should be treated like a public service rather than as a corporation.

Ms. Yasmin Ratansi: Mr. Armstrong, have you heard of The UPS Store? Is it a good way to engage with them to enhance your revenue? That's The UPS Store, not UPS.

Mr. Tim Armstrong: I've heard of The UPS Store. I'm not 100% familiar with how that would work with us.

I completely agree with Ms. Stern about postal banking. With regard to the many countries across the globe, if they haven't had existing and successful postal banks, they've actually implemented postal banking as a way to deal with the changes they're facing.

To your earlier question about services, Canada Post is a service in the communications industry. It's been profitable for over two decades, and that's with postal prices being kept below 1983 rates when you put it into 2015 dollars. That was until that big hike we saw in 2014.

Because we're in the communications business, we think Canada Post could also get into broadband servicing. We saw the reports recently about the digital divide in Canada. Along with communications, we are in the communications business. We deliver messages, so it could be phone services as well.

Ms. Yasmin Ratansi: Okay. I'll just stop you there, because I have a last question to ask.

You talked about immigrant communities. I think all of you are dealing with that. How can Canada Post synergize to capitalize on the immigrant market? I need a quick answer. If you have additional information, you could always pass it on to us through the chair.

Ms. Anita Huberman: I think it's making sure that your staff and your online services offer alternative language service and that the service is inclusive of our immigrant and refugee populations. That second language opportunity could also enhance revenue opportunities and usage for Canada Post services.

• (0925)

Ms. Yasmin Ratansi: Madam Stern.

Ms. Pamela Stern: With respect to money transfers, immigrants make up the largest group of people sending money transfers. They often make decisions based on price. It's very difficult to understand what the price is when you figure in the exchange rate. Making that clear, making that available, and cutting the rate down to what is a reasonable fee would actually attract more business.

Ms. Yasmin Ratansi: Mr. Armstrong.

The Chair: Please make it a very brief answer, Mr. Armstrong.

Mr. Tim Armstrong: I'll just agree with Ms. Stern about the money transfers and remittances for immigrant Canadians. A lot of people come here to make money and send it home to their families. Instead of paying large fees, they could get reasonable rates from Canada Post.

Ms. Yasmin Ratansi: Thank you.

The Chair: Thank you, Madam Ratansi.

Mr. Clarke, seven minutes, please.

Mr. Alupa Clarke (Beauport—Limoilou, CPC): *Bonjour à tous.* Thank you to the witnesses for being here this morning. I was raised in the east, but my Clarke name is from Vancouver. My father was born here, so I'm very proud to be here.

I'm the new official opposition critic for public works and procurement. I've been trying to get into the pace of the work, so bear with me if I'm a little bit lost, but I think it will be all right.

My first question is for you, Madam Huberman. Do you think your members in the future will need more or fewer services from Canada Post?

Ms. Anita Huberman: According to the survey we put out, our members are still using Canada Pos, but not as much. I would say about 90% of the respondents indicated that they have transferred all of their invoicing, their billing procedures, and a lot of their communication procedures to electronic components.

As I mentioned before, reduced service, but needed service, would be needed by our members.

Mr. Alupa Clarke: Okay.

Madam Stern, my wife is an anthropologist, so I'm happy to meet you this morning. I have a quick question for you, with a more in-depth question later.

You said that we should move back to postal banking. I didn't know we had it.

Ms. Pamela Stern: Apparently we had a postal bank into the 1960s.

Mr. Alupa Clarke: Okay. Thank you very much. It's in the record now.

You talked about symbolism, and I agree with you. I think Canada Post is very important as a national symbol. I like the fact that in the small village there is a Canadian flag because of Canada Post. But if we reduced services from five days to two or three days, which is one of the solutions being put forward right now, do you think that would impact this national symbolism?

Ms. Pamela Stern: No, I don't, as long as it continues to be universal and there continues to be Canada Post trucks with the Canada Post logo on them. I read in the report some suggestion about wrapping them with advertising, which I thought was a horrendous way to dilute the brand. I don't see a problem with reduced service to three or four days a week, as long as it continues to be universal.

Mr. Alupa Clarke: Okay. That's great to know.

I have the same question for you, Mr. Armstrong. You talked more about the symbolism in terms of the provision of state services. Do you think reducing the number of days would impact this kind of universal-service approach?

Mr. Tim Armstrong: I think that would have a horribly detrimental effect on the universal approach, and I don't think it's necessary. Canada Post has been financially viable, as I said, for well over two decades, and that's while they've handed over \$1.5 billion to the public purse in taxes and dividends since 1991.

They're making a lot of profit right now on parcel delivery and ad mail. They've done that because there's improved productivity from the union. They've been able to reduce their staff. We recently agreed to more changes in our collective agreement that would allow them greater productivity and increased revenues through parcel delivery and ad mail.

Mr. Alupa Clarke: That brings me to a question for you. I'm sorry to interrupt.

In Quebec City our committee met with one of your colleagues, I think, from your union, and if I'm right, he seemed to be saying that Canada Post said that a \$700-million deficit is what is going to happen. Do you believe that there will be a \$700-million deficit from here until 2026?

• (0930)

Mr. Tim Armstrong: Are you talking from our pension plan or from Canada Post in general?

An hon. member: Revenues.

The Chair: [*Inaudible—Editor*] that there might be, if the status quo remains, a \$700-million deficit by 2026.

Mr. Tim Armstrong: Well, Canada Post has a history of under-predicting their revenues. They were predicting great losses some time back, which proved to be incorrect.

Based on the current projections, I don't think that's going to be the case. Again, Canada Post, in just the first two quarters of this year, posted record profits, higher than the last 10 years. Canada Post is well on the way to making money again this year. Parcel delivery is going up and up. Also, I think we have a lot of proposals, including postal banking, expanding broadband services, etc., that would give Canadians more access and therefore more ways of improving revenues and volumes for Canada Post.

Mr. Alupa Clarke: Okay, but for your union, what do you agree with in terms of the five points presented by Canada Post?

Mr. Tim Armstrong: We don't agree with any of them, actually. We think it's wrong-headed to increase prices while reducing services. That's not a good marketing plan for any business.

Also, Canada Post is a public service, as I mentioned in my earlier comments. We're here to unite the country. Canada is not just the large urban centres along the 49th parallel. We have a vast land, and at Canada Post we've been able to deliver efficiently, profitably, and sustainably for well over two decades now. I see no reason why, and the union sees no reason why, we can't continue with that. Again, we have some good solutions for bringing in revenues to ensure that happens.

Mr. Alupa Clarke: During this committee's hearings, a lot of mayors complained that Canada Post did not consult them about the community mailboxes. What kind of consultation or discussion has been going on between you and the direction at Canada Post? For your union, for example, were they talking with you about the upcoming changes and the future they see for Canada Post?

Mr. Tim Armstrong: Well, they didn't consult with Canadians, and they didn't consult with governments or municipalities, and they certainly didn't consult with us. The five-point plan came as a complete surprise when it was announced in December 2013. We had no idea. We learned about it from the news.

We are willing and able to sit down with Canada Post and we have some good ideas to work out ways to improve the future. We just went through negotiations for our collective agreement with that in mind, so if Canada Post wants to have a dialogue with us, we'd be happy to do so.

The Chair: Thank you very much.

Ms. Malcolmson, welcome to our committee. You have seven minutes.

Ms. Sheila Malcolmson (Nanaimo—Ladysmith, NDP): Thank you, Chair, and thank you to the taxi driver who eventually got me here.

Thanks to all of you for presenting, and thanks in particular to the postal workers, who deliver an awful lot of mail on behalf of members of Parliament. With our newsletters and everything, we send you a big load, I know.

Mr. Armstrong, I'd like to ask you a couple of questions. Can you talk a bit more about the impacts of the proposal to do away with the postage stamp price approach for delivering the post? What does that do to rural and remote areas when we end up charging more for delivering over a longer distance?

Mr. Tim Armstrong: I think that's a further attack on rural communities. It would just exacerbate the urban-rural divide that already exists. Folks who live in rural communities often don't choose to do so. They were born there and they have to work there. To have to pay more money because of where you live is going to cause hardship for folks.

Increasing stamp prices, etc., for people in rural communities is going to cause some financial difficulty. It is certainly going to affect businesses by adding higher costs and reducing their bottom line. I'll leave it at that.

Ms. Sheila Malcolmson: Keeping on the rural community theme, Ms. Stern, can I ask you to comment on a phenomenon in my own riding and on Vancouver Island? We've had even the credit unions pull out of banking in remote areas. Even in just the last year, people have lost their banking service. Can you talk a bit more about the ability of postal banking to fill that service gap?

Ms. Pamela Stern: Yes. I've had experience working in two small communities that had postal service, but no banks. One is Cobalt, Ontario, and the other is the Inuit community of Ulukhaktok in the Northwest Territories. If there were banking available through the post office in these two places, then it would greatly ease the burden on people to get on with the day-to-day business of life. They look forward to the mail arriving, but they really have a great deal of difficulty getting their banking done, and these places don't have good broadband access.

In Cobalt, Ontario, the population is aging, and even if they had broadband access, they wouldn't feel comfortable with it. They would prefer to deal face to face with a clerk.

● (0935)

Ms. Sheila Malcolmson: I'm hearing that a lot. The irony of Canada's population hitting this big aging bubble just at the time when we're looking at decreasing mail delivery and also decreasing access to banking services, especially in rural areas, is hard to take. Yes, I hear from people that they're not going to go online to do this stuff.

I'll switch back to Mr. Armstrong. Could you talk a bit more about the precarious work that your workforce is experiencing with more contracting out and more short-term and insecure work? What impact is that having on our local economy with spending power and the employees' ability to commit to communities?

Mr. Tim Armstrong: Well, if you don't have money in your pocket as disposable income, then you're not going to be contributing to the local economy. Without secure jobs, you're not going to be able to get mortgages or loans from banks, and you're not going to buy goods and services, etc. That's why it's important that you have an institution like Canada Post that provides good-paying, family-supporting jobs with benefits in the communities, because we contribute to those communities.

The rural communities especially have been hard hit, as you know, in recent years with reductions in mining and with other environmental issues, because a lot of those communities rely on forestry, fishing, and mining, etc., and they've lost a lot of income that way.

It's important that the government use its vast network. Canada Post is the largest retail, logistics, and delivery network in the country. Canada Post and the government can use that to make sure the economy stays strong and is stimulated in rural communities. That's why we have proposals around postal banking, as has been mentioned. Many places have lost their banking, and they don't have access to the Internet. Some people say that you can just do banking online, but if you live in a community like Sayward, which is an hour north of Campbell River, they're on dial-up. They don't have a bank. I was talking to one of our members there recently and she has to do all her banking through an ATM, and they're charging \$5 a shot there to use those machines.

If you don't have the Internet, then you're not going to have any access to this wonderful banking system that will still exist when all the branches have closed down. There is a post office in every community, and we could certainly be supplying extra services along those lines and helping to support the economy of each community, wherever they are.

Ms. Sheila Malcolmson: Finally, do any of the panellists have any comments on the proposals around broadband being included in the Canada Post package, following on the reflections about inadequate access and some communities still being reliant on dial-up?

Mr. Tim Armstrong: I think you just have to look at other countries that are doing this. In Italy, for example, they have PosteMobile. They do sell Internet. They are bringing in profits. In 2015 it was 31 million euros, which is up from 14 million euros in 2014.

The French also have a system, La Poste Mobile. It now holds 1.3 million telephone lines. They had an increase of 10% over 2015, as of June of this year. La Poste Mobile revenue increased 6.4% at the end of June 2016.

● (0940)

The Chair: Thank you very much.

Mr. Whalen, from the east coast to the west.

Mr. Nick Whalen (St. John's East, Lib.): Yes, Mr. Chair, and it's wonderful to be here. I'm operating on a few different time zones right now, so hopefully I'll be able to keep my questions on point.

I really want to focus on the future of Canada Post. Even if we don't accept the numbers provided by the task force 100%, we do know there are very severe structural issues facing Canada Post, from the aging workforce, to the pension liability, to the reduction in demand for mail as a service. Trying to find new revenue sources for Canada Post and to provide new opportunities for middle-class jobs is important, as is leveraging the value of the brand.

Ms. Huberman, you have a lot of experience in the business community in a growing metropolis. What types of services, from broadband initiatives provided through Canada Post, the banking provided through Canada Post, to logistics services provided through Canada Post do you think your members would actually use?

Ms. Anita Huberman: Well, I think all of the above. It's about identifying what specific businesses need. The highest number of manufacturers in British Columbia are housed right here in Surrey. They have different needs. Our charities and non-profits have different needs.

I think, from an industry perspective, it's identifying what those services are, packaging them, and making sure that you utilize business organizations and other stakeholders to market them to the community.

Mr. Nick Whalen: Do you believe that Canada Post has the expertise and the ability to compete with the banks and to compete with broadband providers and Internet service providers in a competitive way in this market in British Columbia?

Ms. Anita Huberman: I think it's starting to. One of our survey respondents indicated that they are utilizing the online marketing program that Canada Post is engaging in. Even at our national convention at the Canadian Chamber of Commerce, it was articulated that there are many businesses that are starting to utilize the expertise of Canada Post, but many are not aware of it, and it's the awareness issue that is integral.

Mr. Nick Whalen: That's wonderful. Thank you very much.

Mr. Armstrong, you talked about profits at Canada Post over the past two decades, which is great, but then we also look at some of the things that management has done to streamline, offering to introduce community mailboxes to save \$80 million a year and moving sorting to larger facilities in an effort to maintain profitability. Does past management practice deserve any of the credit for the profits that have been realized within the corporation over the last decade?

Mr. Tim Armstrong: Well, I think Canada Post has done a good job of shovelling money off the back of the truck, if you ask me, but I suppose they are managing the business, and they have done a few things that have improved that, and the union has contributed to that.

I don't think reducing delivery from five days a week would be a good thing. It's not good for businesses that want to get their product and services to their customers. While some people may be moving to online for cheques, invoices, and things, they still rely on that coming back to them to make sure their revenues are coming in and that they're getting their invoices out to their customers so they can get their payment from that.

It's also a bad thing for Canada Post to reduce delivery. I'm just going to say this. Having a parcel delivered by Canada Post can cause up to six times less CO2 emissions than an overnight delivery by a courier.

Mr. Nick Whalen: Mr. Armstrong, you don't need to convince me on that.

I'm going to move on to some of the other opportunities for saving money.

The task force pointed out mailbox conversion. Do you see some type of convergence there between the workforce reductions that are going to happen through aging? It looks like about 25% of the workforce will retire over this window that we're talking about. Can that be synergistically done so that the community mailbox conversion can be timed with employee retirement so that it has less impact on the workforce, but we can still get these cost savings and streamline the service delivery?

Mr. Tim Armstrong: Well, again, we're opposed to community mailboxes. We don't think they have anything to do with communities, quite frankly. It's more of a self-serve option. Coming into the community, we are going to have a few reductions in staff, obviously, but Canada Post is hiring repeatedly. There are constantly new schools for training, etc.

The safest, most convenient way of getting your mail is to your home, especially with parcel delivery now. If we're going to—

• (0945)

Mr. Nick Whalen: Ms. Huberman, in this neighbourhood in Surrey, do people mostly get home delivery, or is it mostly community mailboxes?

Ms. Anita Huberman: It's a combination. It depends how densified each area is.

Mr. Nick Whalen: Have your members complained about the differential service between community mailboxes and home delivery?

Ms. Anita Huberman: I haven't heard anything, no.

Mr. Nick Whalen: Ms. Stern, I really like this notion of the strong brand of Canada Post and how it can be leveraged.

Do you feel there's any material difference between accessing Canada Post services through franchise outlets, such as at a Shoppers Drug Mart or some other pharmacy, or some other type of co-branded store, versus having the brand of Canada Post be the most prominent feature of the service offering?

Ms. Pamela Stern: As an urban resident, it's very difficult to say. I live in New Westminster, and we don't have a Canada Post outlet. We have only a franchise. They're convenient, but it's not a Canada Post person. It's somebody in a Shoppers Drug Mart uniform. It is the face of the government, but it isn't, so it does—

Mr. Nick Whalen: —undermine the brand.

Ms. Pamela Stern: It undermines the brand a bit. I don't see us necessarily going back to having—

Mr. Nick Whalen: Do you get good service when you go there?

Ms. Pamela Stern: I do get good service when I go there, and I assume most Canadians get good service.

Mr. Nick Whalen: Just as a point, for the people who haven't had the opportunity to participate in as many of these meetings as some of us have, we have heard from the corporation and the unions, and many business leaders, that alternate-day delivery from the recipient's perspective is okay, but from the real customers of Canada Post, who are the people sending the mail, they want daily delivery. Otherwise, they would move their service to another provider, because customers demand that.

I would just like to remind people of what we've already heard.

The Chair: Thank you, Mr. Whalen.

We'll now go to our last two intervenors. They will be five minutes each, and we'll start with Ms. Watts.

Ms. Dianne L. Watts (South Surrey—White Rock, CPC): Thank you very much. I appreciate it, and it's an interesting conversation. I'm just subbing in today.

I heard from you, Tim, that you're opposed to community mailboxes. In the city of Surrey, and as the former mayor, I can't remember when we didn't have them, except maybe back in the sixties or seventies.

If it's saving \$80 million a year, why is that a bad thing?

Mr. Tim Armstrong: I guess it's a matter of what the reason for Canada Post is. We're in business to serve Canadians and to bring mail and parcels to people's homes, not to community mailboxes.

As you are probably aware, being the mayor of Surrey, Surrey is the crime capital or theft capital of the community. I'm not talking about all crime; I mean for community mailbox theft. It's the community mailbox theft capital—

Ms. Dianne L. Watts: That would be my follow-up question as well.

I would say that it fluctuates through all communities. I mean, our community got hit very hard in terms of the identity theft and breaking in, and all of those things, and then throughout the Lower Mainland.... I guess my point on that front would be in terms of how that's dealt with. I think there have been measures, and Canada Post has worked in taking some measures in that regard.

I'll just flip over to some of the rural areas. Getting back to the opportunity for having a Canada Post with banking and everything else, I think that is just a no-brainer for rural communities. I think that makes sense. In an urban setting, where now you're going to set up banking and start competing with all of the banks in an urban setting, I think it would be very problematic.

I also want to ask...there's been an increase. We've heard this a lot. We hear from the retailers that there's more online shopping. I mean, extrapolate that out. There's more online shopping. The packages have to be delivered to that address or the individual. Are you seeing a spike in that?

I'll ask you, Tim.

• (0950)

Mr. Tim Armstrong: I'll ask you to rephrase that last bit. You're talking about a spike in what?

Ms. Dianne L. Watts: I mean in the delivery requirements. If there's an increase in online shopping, which we all know has been significant, obviously on the other end, there would be an increase in delivery.

Mr. Tim Armstrong: Yes.

Ms. Dianne L. Watts: What does that look like?

Mr. Tim Armstrong: There has been a massive increase in parcel delivery through Canada Post because of online shopping. Those revenues have started to exceed the losses related to the decline in letter mail, because there has been a decline, although there is still lots of mail. We've seen that happen. That's one of the most profitable sides of Canada Post.

I'll touch on that again with the CMBs. If people can't get their product right to their customers' homes, and the customers instead have to drive to or walk to some box in all sorts of weather, and hope that the product will be there when they get there, I think the people sending the products are going to find safer, more secure ways of delivering the mail, because if Canada Post isn't going to deliver the mail to your house, then it should probably go out of business.

Ms. Dianne L. Watts: The problem is—and I think this is one of the reasons it shifted to the boxes—a lot of people aren't home all day waiting for a package. Somebody goes there and there's nobody at home, because people are working, and so now it goes back. People are spending three or four days trying to get the package as opposed to it just being in the mailbox. Do you know what I mean?

I think there has to be some sort of program in place, since we're seeing an increase in the delivery of packages, so that people can get them in a timely fashion. I think the daily delivery is certainly a way to do that.

There are some things I'm hearing. This is just a flag.

The Chair: Thank you.

For our final five-minute intervention, Ms. Shanahan, go ahead, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you, panellists, for being here today. It's very interesting to hear what you have to say.

It is my first day on this travelling committee, so I want to come back to a very basic question for each of you. Do you see Canada Post as a service or as a business?

I'll start with Ms. Huberman.

Ms. Anita Huberman: I actually see it as a business. Especially when we're living in a new economic paradigm with new social paradigm needs, we have to think of all entities, even those in government, as businesses. It can just break even, but I think we have to think of new ways of doing business and of delivering mail.

You are trying to fulfill your mandate of mail service to Canadians, but you need to do it through innovative methods, and make sure that your costs are covered, that you are deriving revenue, and that you're also saving for future investments.

Mrs. Brenda Shanahan: Thank you.

Ms. Stern.

Ms. Pamela Stern: I would say Canada Post is a service and should be a service. If it makes money, that's wonderful, but if Canadians are going to get equitable service, then they need to have equitable pricing. Canada Post needs to be seen as a service rather than as a revenue generator.

A quick way to lose support for Canada Post is for it to be seen as a revenue generator for other parts of the government. We can look at the way people feel about BC Hydro, for example, which is not simply working on cost recovery but is pouring money into the general fund of British Columbia. People are unhappy with BC Hydro.

Mrs. Brenda Shanahan: That's interesting. Thank you.

Mr. Armstrong.

Mr. Tim Armstrong: The union would believe Canada Post should be operated as a service first, but naturally it can be run as a business to make sure it's making money and staying sustainable, etc.

Again, what are the profits for? Where do they go? I mentioned that Canada Post has given \$1.5 billion in taxes and dividends to the government since 1991. Maybe those dividends could be put back into expanding services to Canadians and finding efficiencies in the operations.

I think it should be service first and business second. One of the reasons the union supported converting Canada Post to a crown corporation back in the 1980s was to allow it to operate more efficiently and sustainably in the long term. Its track record, according to the profit statements from its own records, shows that doing that was a huge success.

• (0955)

Mrs. Brenda Shanahan: Therein lies the rub: we're getting business, service, and then a combination of the two, and somehow we have to find the balance. Also, we're dealing with a business environment that is changing extremely rapidly.

We've heard testimony about the services that Canadians appreciate from Canada Post and about some of the challenges and some of the things that are working or not working. What about thinking out of the box now? What kinds of services could we expect from Canada Post, whether that's a service, a business, or a combination of both, Mr. Armstrong?

Mr. Tim Armstrong: I think it's important that we look to what's happened in the world. Again, Canada Post—and Canada—had a successful postal bank since before Confederation, until 1968 when it was shut down. Other countries in the world have had postal banks for decades. Those that haven't have started them up as a way to diversify and bring in more revenue. That's been very successful. I think of Portugal and Morocco as two recent examples of that.

Mrs. Brenda Shanahan: Is there anything else? You spoke about the postal banks. Is there anything else?

Mr. Tim Armstrong: Well, again, I guess, like The UPS Store, it's about making sure—that was asked earlier—that our retail

networks have products and services that people can use to package and deliver items to Canadians. Whatever you need, when you walk in that store, it should be a one-stop shop, from buying the gift to having it packaged, putting a stamp on it, and maybe even having it wrapped for you. There are all sorts of services like that besides the coins and other things. Also, we have other ideas around providing broadband services.

The Chair: We'll have to get those ideas at a later date.

I will say this to all of our panellists. Number one, thank you very much for taking the time out of your very busy schedules to be with us today. Should you have additional information you wish to give to our committee that can help us in our deliberations, please feel free to submit that directly to our clerk. It will form part of the package of information that we will be receiving from across the entire nation.

Finally, we will be making a report to Parliament. I believe that will be tabled probably somewhere towards the latter part of November, or certainly no later than early December. If you do have additional information, I would ask that you get it in within the next couple of weeks. I would appreciate that very much.

Once again, thanks to all of you for being here.

The meeting is adjourned.

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