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**EVIDENCE**

**Monday, September 26, 2016**

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**Chair**

**Mr. Tom Lukiwski**



## Standing Committee on Government Operations and Estimates

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• (1305)

[English]

**The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)):** We'll come to order, please.

Welcome, everyone, to the 29th meeting of the Standing Committee on Government Operations and Estimates as we conduct our study on the future of Canada Post. We were in Montreal earlier today. We are very glad to see our stakeholders and witnesses with us this afternoon.

The process we have been following, gentlemen, is that we're asking all of our witnesses to come forward with a brief opening statement of five minutes or less to allow as much time for questions from our committee members as possible. If you could adhere to that five-minute timeline, your chair would appreciate it very much.

On my list I have Mr. Réal Couture as our first speaker.

Sir, the floor is yours.

[Translation]

**Mr. Réal Couture (President, Chambre de commerce et d'industrie Thérèse-De-Blainville):** Thank you, Mr. Chair.

Thank you very much for inviting us to appear before the committee today.

My name is Réal Couture and I am the President of the Chambre de commerce et d'industrie de Thérèse-De-Blainville.

We have a number of organizations in our territory, including the Chambre de commerce de Bois-des-Filion / Lorraine. Unfortunately, Guy Barbe is away, but, in his place, we have Michel Limoges. Christian Fréchette, from the Association des gens d'affaires de Blainville, is with us as well.

Our three organizations decided to conduct a survey. We have about 800 members and we sent out a survey to which 10% of the members replied. That means we received replies from 80 members, which we find very good as a response rate. We asked them four questions.

First, they had to indicate their level of satisfaction with Canada Post services before the changes. Second, they had to indicate their level of satisfaction after the changes. Third, they had an open question about how they saw Canada Post services and fourth, people could make any comment they liked about Canada Post.

After about a week, we received all the information we required. Mr. Fréchette will give you the conclusions we drew from the four questions.

I will now turn it over to Mr. Fréchette.

**Mr. Christian Fréchette (President, Association des gens d'affaires de Blainville):** Thank you very much, Mr. Couture.

If you would like to have all the details of this online survey, we can send them to you afterwards.

As Mr. Couture mentioned, our intention was first to talk to business people. Mr. Limoges will talk to you later about the residential aspect.

In terms of a business plan, people have suffered little impact; they brought up four major reasons for that.

First, there are already other parcel-delivery services. Canada Post has a presence in that market and there is competition. People use Canada Post, but they also use other suppliers. Those who do their business online are generally satisfied with the services, but I am sure that Mr. Alacchi will tell you more about that. The lack of flexibility is a shortcoming. There is also the matter of the complexity companies encounter in doing business with Canada Post.

Second, most of the businesses in our region already have a mailbox. The changes were not really changes for them because they were already in the habit of operating that way.

Third, a number of businesses in the region use ad-mail and therefore do direct mailing and marketing. For them, taking their mailings to various Canada Post offices was not an issue. However, they had to deal with some changes, but, for them, the changes did not amount to a lot.

Fourth, we are in the Web 3.0 era and we will soon see Web 4.0. More and more companies use email instead of sending packages and they have moved their information online. In particular, sending invoices by email is done more and more.

Mr. Limoges will take over now.

• (1310)

**Mr. Michel Limoges (Past-Co-President, Chambre de Commerce de Bois-des-Filion / Lorraine):** We must point out that the satisfaction rate dropped 20% after the changes. For our respondents, the rate was around 85% and it dropped to 65% after the changes. They were particularly referring to home delivery, not business delivery. So that is a very significant drop.

**Mr. Christian Fréchette:** If you want the notes that we have just shared with you, we can distribute them. The same goes if you need any more details about what we did. As Mr. Couture mentioned, a 10% participation rate is still quite representative of the region.

[English]

**The Chair:** Gentlemen, what we have been encouraging all of our witnesses to date is to provide any additional information you wish to the attention of this committee. We welcome your submissions sent directly to our clerk. Also, if our committee has more questions for you after your appearance here is concluded, we would pose written questions to all of you for answers.

Mr. Alacchi.

**Mr. Andréa Alacchi (President, L'Encrier):** What I'm going to be speaking about is very different from these gentlemen.

**The Chair:** Please go ahead.

**Mr. Andréa Alacchi:** I'm going to be presenting from the point of view of an e-commerce company.

At L'Encrier, we manufacture and sell ink and toner consumable products, and we do so 100% online. Some 76% of everything we sell is exported: 70% to the United States and 6% globally. We are a true e-commerce company. The future of retail, as you know, is becoming more and more e-commerce. It's fast-growing, and e-commerce will play an important role in the Canadian economy.

Canada Post is the only carrier that covers every household in Canada. It's the only carrier that will take our parcels throughout the country. Canada Post is therefore a vital infrastructure that drives the e-commerce industry.

I don't know if this committee is aware of the international agreement called the Universal Postal Union. I'm not an expert on the agreement, but I know that when a parcel arrives in a country, the post office of that country must deliver it to any address within their country for the same fixed price, and the price is determined by the agreement, which for a rich country like Canada turns out to be quite low.

Our competitors abroad will bring in packages, and regardless of where they appear in Canada, the post office has to deliver to the final destination, whether it's Toronto or Nunavut, for the same low fixed price, whereas Canadians who sell online must pay very different prices depending on where it's going in the country.

Price fluctuation is very bad for e-commerce, because we can't predict what it's going to cost. I don't know if anyone here shops online, but no one wants to pay for shipping. They want to see free shipping. That's the new thing that's happening. So we are forced to put the cost of the shipping within our parcels.

I would like to also discuss the disparities with our biggest trading partner, the United States. The Americans have made changes to their post office, and they continue doing it to enable e-commerce. An example would be that it takes two to three days on average to deliver a package between New York and California, but it takes four to six days with a comparable product in Canada between Montreal and British Columbia.

The price fluctuation in the U.S. is a lot less. They have fewer zones. There's less fluctuation in prices between the zones, and they've introduced flat-rate boxes. Their motto is "if it fits, it ships", at one low price regardless of where in the country: Hawaii, Alaska, Guam, California, it doesn't matter. They realize that price fluctuation is not good, and they've standardized for their country.

Typically, an American can ship a package to Europe for about half the price a Canadian can. When a Canadian ships a package to the United States using Canada Post, it costs about two to three times our domestic rates. I know they're trying to do things to improve it, but still it's at least 200% more.

Americans who want to ship to Canadians are paying about 30% to 40% above their domestic rates to do so. Again, that's another disadvantage.

How can we compete? Why am I still in business? Why am I here? It's because I'm doing everything that all the other e-commerce companies are doing. Thank God we live near the border, because we're putting all our packages onto a truck and we're going across that border every day and putting everything for delivery internationally and within the United States into the United States Postal Service. So 76% of everything we do in L'Encrier ends up in the hands of the United States Postal Service.

That only solves half the problem. The other half of the problem is Canadians buying. If you live in a remote region, it is cheaper for you to buy from an American who is going to offer free shipping into Canada, or a Chinese company directly, than it is to buy from your own Canadian companies, because they don't face this large price fluctuation that is created by this Universal Postal Union.

We have a paradox, which is my last point because I know I'm taking a bit of extra time. The paradox is that we want Canada Post to be efficient, effective, and provide all the services we need for e-commerce, letter mail, and everything else. On the other hand, we want it to be profitable.

How can a company be profitable when you have all these parcels coming in internationally that have to be delivered? By the way, the number is going up. The statistic I heard is that as many as 50% of Canadians are buying products from abroad instead of from other Canadians.

● (1315)

If e-commerce grows and that trend continues, we're going to have more and more packages that have to be delivered across the country cheaply as opposed to packages from our own domestic market. It's obvious that in order to cope with this problem, Canada Post has to raise prices elsewhere, maybe international shipments, maybe across our own country, to compensate because they have to balance the books at the end of the year.

The point is, do we consider Canada Post a service or do we consider Canada Post part of our infrastructure? If we consider Canada Post to be part of the Canadian e-commerce infrastructure, then, like any other infrastructure, like paying for a bridge or paying for a tunnel, we need to invest in that kind of service. If it could be done by the private sector, it would be, and it's not. Only Canada Post goes across the whole country.

The conclusion is, the United States do subsidize their post office because they provide all these great services, but they do it at a deficit, and it's an important deficit. I don't know the exact numbers, but I'm sure it's in the billions of dollars. We don't want to create deficits in Canada for no reason, but we do need to do something to normalize the e-commerce platform before we're inundated by foreign imports. At the end, I believe we too must invest in our e-commerce infrastructure.

**The Chair:** Thank you very much.

We'll start now with our regular questioning. We will start with a seven-minute round of questions, both for the questions and the answers, and we'll start with Monsieur Ayoub.

[Translation]

You have seven minutes.

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

My thanks to the witnesses for coming to see us today for this important exercise of mutual information sharing.

My question is quite a basic one and you have actually alluded to it briefly. In your opinion, is Canada Post two businesses?

You are representing the commercial side today but, at the same time, the survey deals with the residential side. The commercial side never does anything that does not affect the residential sector, unless you are telling me that you do business only with other companies. Residential customers always buy products from other companies.

I would like to hear your opinion about whether there are two businesses inside Canada Post. When we go to major urban centres, we hear about quite significant differences. We have come from Montreal where clearly the reality is quite different from the North Shore and from other suburbs. I am talking about companies and about being close to the border, but also about new residential developments where community mailboxes are installed from the outset.

I would like to have your perspective. I have raised a number of points. I don't know who wants to start an answer.

• (1320)

**Mr. Réal Couture:** I will start.

From the questionnaires, we saw that companies, individuals, parcels and the related business, the rates, all fit together well. Yes, sometimes it takes a little longer, but no one is saying that they hate Canada Post and no longer want to have anything to do with it. No one is saying that.

When individuals think about what it means for them, it becomes a little different. Yes, there are two businesses in the minds of

ordinary mortals, but for business people, it is one company. When a businessman goes home and hears that his mother-in-law no longer has this or that and has lost such and such a service, it has an effect on him. But as a businessman, he sees Canada Post as two distinct companies.

I am an accountant by training. This is as if someone asked me whether a tax accountant is different from a regular accountant. The answer is yes. It is completely different.

**Mr. Christian Fréchette:** I echo the comments of my colleague, Mr. Couture. They are clearly two different companies. The reason is not complicated. I am not an accountant by training, I am a marketer. So you don't deal with a business and a consumer in the same way. I have no option but to tell you that there are two distinct companies.

As Mr. Couture mentioned, our survey showed us that, in general, people who use Canada Post services a little or a moderate amount are satisfied with them. However, the hesitation, the dissatisfaction, on the part of the customers—especially those with reduced mobility—is about the mailboxes. For most young people, it is not a problem. They are still healthy and they can move around. However, the population is aging and becoming less and less mobile. We are going to have to find a service that corresponds to their reality.

Canada Post also has a significant role to play in this. If it does not provide services for people with reduced mobility, smaller companies will fill that gap. It will then be up to Canada Post to decide whether it starts using subcontractors and letting those services into the market, or whether it chooses another solution.

**Mr. Ramez Ayoub:** Mr. Limoges, do you have anything to add?

**Mr. Michel Limoges:** I consider that it is a single company that provides two very different services, residential service and commercial service. In my opinion, the residential service has been largely covered. I agree with online businesspeople when I say that it is about the future. If Canada Post does not adapt, companies will have a hard time following, which will have disastrous consequences for the economy.

**Mr. Ramez Ayoub:** We have talked about the fact that one company can provide two different services. In order to maintain the universality of the service in, or almost in, its current form, would you accept the idea of Canada Post using its commercial revenue to subsidize the residential side?

We have heard all kinds of ideas about the matter, including reducing the frequency of mail delivery to every two or three days, even once per week. Are those possible solutions in your business plan?

**Mr. Christian Fréchette:** From a business point of view, it is not conceivable to have commercial service less than five days per week. The five weekdays must be maintained.

As for residential service, letter or parcel delivery once or twice a week does not seem to me to be an obstacle.

Business has to adapt. There is no choice; it has to react.

•(1325)

**Mr. Andréa Alacchi :** Online business is B to B, business to business. However, most of our sales are B to C, that is, business to consumer.

Delivery is residential, even with commercial products. Online business is linked to residential delivery in at least 80% of the cases. Delivery service twice or three times per week makes no sense. Amazon is looking to deliver its orders on the same day with drones. In a context like that, Canada Post cannot move to parcel delivery two or three times per week. Rather, we should be doing what they do in the United States, with Saturday delivery. People who shop online want to get the package directly at their homes. They don't want to wait for mail service. These are two different worlds, but the service is the same. It really is a residential service.

**Mr. Ramez Ayoub:** Is that a general practice?

**The Chair:** Mr. Ayoub, your time is up.

Mr. Gourde, you have the floor for seven minutes.

**Mr. Jacques Gourde (Lévis—Lotbinière, CPC):** Thank you, Mr. Chair. I also thank the witnesses for joining us.

I will continue along the same lines.

This morning, someone mentioned that, in some regions, post offices are open from 9:00 a.m. to 4:00 p.m. That does not reflect today's reality. When customers leave their offices around 5:30 p.m. or 6:00 p.m., post offices are closed. This morning, it was also mentioned that Amazon can deliver a package in one hour.

You seem to be saying that, from a business point of view, Canada Post should be providing a delivery service for business parcels on the same day, or the next day at the latest.

**Mr. Andréa Alacchi :** What I am saying is that a customer buying something online wants to receive it quickly. If Canada Post provides a delivery service in two or three days and another company provides it on the same day or the next day, Canada Post will not be making that delivery. Delivery time is a very important factor for online business. It's actually the most important.

**Mr. Jacques Gourde:** You do business in Canada and in other countries. Are there other countries where the delivery service is quicker and more competitive than Canada Post's?

**Mr. Andréa Alacchi :** As I mentioned previously, the service in the United States is a little quicker. I am not talking about express service, because we have that both in Canada and the United States. I am talking about a normal delivery service from New York to California in two or three days. In Canada, to deliver a parcel from Montreal to British Columbia, you need four to six days. Clearly, it would be good to improve delivery times a little.

A much quicker delivery service will be needed in the future. Amazon is becoming more and more popular because it has warehouses located all over the country. Most of the time, that means that shipments can be delivered the next day. Companies that sell a lot online, like Staples, deliver every day with their own fleet of trucks.

It is important for Canada Post to realize that customers need better service than the one presently offered. No one is asking for

same-day delivery from Montreal to Vancouver without paying extra, because that would be a special service. However, if the delivery time can be improved, why not emulate the United States and do it in Canada?

**Mr. Jacques Gourde:** Mr. Couture, just now, you mentioned that, in your survey, business people stated that it was complicated to do business with Canada Post. Could you tell us a little more about that?

**Mr. Réal Couture:** It has to do with the tracking, especially with parcels. If you ask Canada Post where your parcel is, the answer can vary greatly. They may say that they are going to find out, which is like telling you that they have no idea. It is not the beginning of the process that is complicated, it is the end. The beginning of the process is very well done. All you have to do is call and someone comes to pick up the parcels. The electronic operations all go very well. The service is comparable to others and is cost-effective. It goes off the rails later, towards the end of the process.

**Mr. Jacques Gourde:** Are there any figures showing the use of Canada Post compared to private companies, or does Canada Post still have the largest share of the business market?

**Mr. Réal Couture:** I really have no idea.

**Mr. Jacques Gourde:** You do not feel the effects of the competition either? People who do business with Canada Post would like to have quicker services, but they still remain quite loyal to it.

**Mr. Réal Couture:** I think you're right. Everyone who replied does business with Canada Post. Most people do business with Canada Post. No one told us that they prefer another company. If someone did, it is one person out of 80. You don't sense any lack of comfort with Canada Post's services.

•(1330)

**Mr. Jacques Gourde:** For the delivery of heavier parcels, there is Purolator, of course, which belongs to Canada Post. Are the members of your Chamber of Commerce satisfied with those deliveries? I am talking about parcels of 5 kg and more.

**Mr. Réal Couture:** There were no comments about that. No one mentioned problems with weight or with the complexity of the process.

**Mr. Jacques Gourde:** Thank you, Mr. Couture. That will be all.

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

**Ms. Karine Trudel (Jonquière, NDP):** Thank you, Mr. Chair. My thanks to the witnesses for their presentations.

I enjoyed hearing the Chamber of Commerce's point of view. We heard how important it is for business people to receive their mail, especially in the summer with the threat of a postal dispute. You mentioned your members who have mailboxes already. We have also been told, certainly in media reports—and you can correct me if I'm wrong—that mail service is important for SMEs. They use it a lot to send documents, legal documents or official contracts, for example, that may need a signature.

You are nodding. That means yes, it is so, you do still mail letters.

**Mr. Réal Couture:** Yes, that is so. However, I would not say that it is one of the only ways.

More often than not—and this is confirmed in the surveys—people are no longer getting bills at home. That's so in my case. We get them by email and we print them ourselves. It saves a stamp. We have to use a sheet of paper, but that is not a big deal. We still pay some bills by mail, but there are fewer and fewer of them.

So what Canada Post has left are the circulars, the flyers, as most people call them, important documents that have to be signed, and cheques. However, even cheques are not delivered by mail anymore. They are often deposited directly. I work in a big accounting firm and, with Canada Post, we have the proof that the document was delivered. That's right, Canada Post. The item has to be delivered quite quickly but there is no need to do so the same day. If we really want it to be delivered the same day, we will call a taxi if we have to. The fact remains that Canada Post provides the proof that the document has been delivered.

**Ms. Karine Trudel:** Thank you.

My question goes to Mr. Alacchi.

I liked the opportunity to have the discussion with you earlier and to hear what you had to say about commerce. Someone talked to us about e-commerce. We heard from some witnesses this morning. Could you tell us more about the repercussions on your company? In the task force's report that we received last week, it mentions increasing parcel rates.

Could you explain the impact that can have on your company in general; also, could you talk to us in more detail—your presentation was a short one—about the Universal Postal Union, the UPU? How can it help a company like yours?

**Mr. Andréa Alacchi :** Certainly, when Canada Post puts up parcel rates, they do not go up for Canadians only. Foreigners have to follow the rules established by the Universal Postal Union. So that puts Canadians at an even greater disadvantage and adversely affects our efficiency. For some time, we were even sending our Canadian parcels to the United States so that they could be sent back to Canada. For example, if my neighbour ordered something from us, we would take the parcel and send it to the United States, where the US Postal Service would deliver it because it was cheaper. The value of the Canadian dollar has changed. It is lower than it was a year or two ago. That means it is less expensive now to send a parcel from Canada. However the difference is not that great. If the Canadian dollar strengthens a little once more, it will basically be cheaper to send a package to Vancouver via New York. Likewise, just like with my neighbour in the old days, it was easier to send something to Mr. Limoges, for example, through the American mail than through Canada Post. So price increases hurt.

**Ms. Karine Trudel:** They have a significant impact on a company like yours.

• (1335)

**Mr. Andréa Alacchi :** Absolutely.

**Ms. Karine Trudel:** I would also like to hear what you have to say about Canada Post having to adapt. Given the nature of your business, you do a lot of deliveries, and in your opinion, Canada Post should adapt.

Could you give the committee some specifics about that? In your opinion, what could help your company?

**Mr. Andréa Alacchi:** The most important thing would be to reduce the large cost variations between local parcels and those sent to the far ends of our country so that we could compete better with parcels coming from outside. I have the American model in mind, I think about what the Americans have done with their postal services in the last 15 years and all the stages they have gone through. They provide flat-rate boxes and all kinds of services tailored specifically to companies, like e-commerce. They even have a special box for shoes.

I would like to see that kind of adaptation happening in Canada. I think we can adapt parcel delivery to better represent the retail sector of the future. That's what I would like to see happening.

As for knowing how to afford a service like that, as I said, there is certainly a paradox. You can help the economy by subsidizing the costs of a project. As we know, if you want a bridge built, you have to pay for it.

[English]

We pay for the highway, but if we don't have the highway we don't have the mine that is going to deliver the goods. If we don't have the postal highway, we don't have e-commerce.

[Translation]

**Ms. Karine Trudel:** I am now going to turn to Mr. Couture or Mr. Fréchette.

We often receive direct advertising because Canada Post reaches every household. Do the businesses that belong to your organization use that method to get their product known? Have they told you about the importance of door-to-door advertising in every household?

**Mr. Christian Fréchette:** Actually, I am glad that you asked that question because we have been talking for a while about things that are done less well. However, we can mention one thing that Canada Post does well. The corporation has great marketing intelligence. We take the opportunity to use its services every day, and we have access to a gold mine of information. Some companies use it effectively.

We need to talk about that more and make sure that every business is aware that the service is provided. We need a major awareness campaign about it. If they want to make up a part of the losses they have accumulated, they have a huge cash cow there in terms of admail.

[English]

**The Chair:** Seven minutes, please.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you all for being here. I have a few questions and I'll be quick.

When you did your survey for the businesses, Monsieur Couture, the businesses generally told you that they were satisfied with the service they received from Canada Post. Is that correct?

**Mr. Réal Couture:** That's correct.

**Ms. Yasmin Ratansi:** You also mentioned that you use Canada Post to ensure that your documents are delivered, so this is a safe and a secure environment, the brand of Canada Post is a good brand. Is that correct?

**Mr. Réal Couture:** That's correct.

**Ms. Yasmin Ratansi:** You're an accountant, I'm an accountant. As a business owner and a person who runs an accounting firm, have you had any discussions with Canada Post about its role moving forward, or how we can survive? I ask that because you and I know that if it is not financially sustainable, we are in trouble. We do not want to create deficits. We do not want to subsidize Canada Post, as the U.S. does, and I'll come back to you on the universal strategies that they have adopted.

Have you had any discussions? We are looking for ideas from people. Where would you see it going? Moving forward, where would you like to see it, because it cannot afford to operate the way it does now.

**Mr. Réal Couture:** To be honest with you, I've never sat down and thought about it. Looking forward, in my world—and I know Canada Post is more of a government platform—if you can't make money, not big money but a certain kind of money, you won't survive. Either you rationalize the whole thing, and then you see that you have to stop doing this and you have to stop doing that, or you put a price on what you want. The shortfall for that is that your competitors will come around the corner and say if Canada Post is going to charge you \$8.00 to carry something from here to there, they'll do it for \$7.99, and that's going to be the end.

• (1340)

**Ms. Yasmin Ratansi:** That's an interesting example because in Montreal we had some of the postal union workers and the councillors from Montreal, and they were both citing the report by The Conference Board of Canada. They said there was a discrepancy in whether the company was profitable or not. It was interesting because Ernst & Young did the audit and yet there is a discrepancy of about \$500 million.

Yes, there is a potential for this business to be successful. It's a crown corporation. It has a mandate to deliver mail, but it also has logistics as its core competence. Having logistics as its core competence, how do you collectively see it helping your businesses? You talked about e-commerce and you talked about the Universal Postal Union. That was created 141 years ago. The United States has renegotiated 13 treaties, so how do you see that challenge of the UPU helping, or how do you overcome it? Do you want Canada Post to renegotiate it? What would you like to do?

I couldn't get the idea of how it is impacting. If I were a Chinese exporter and you were importing my goods, how is it cheaper for them to deliver my goods to the consumers?

**Mr. Andréa Alacchi:** China is actually a good example, because they don't only subsidize their postal service, they practically render it free. If you go on aliexpress.com or alibaba.com and you choose something you want to buy, you click on it and you choose delivery to Canada. They will either charge you very little or they'll do free shipping. You get it in about four or five days. It's very quick. They fly it in and then Canada Post delivers it. It comes in pretty quickly, in Montreal, of course. Maybe in Nunavut it will take more time. But

the point is you see on the package what's written, in terms of Hong Kong dollars, what they paid for it, and it's probably something equivalent to maybe, for a small parcel—I don't know what the exchange is—probably around three or four dollars, that type of thing. It's probably cheaper than what it would cost me to send something to my neighbour.

I believe all they're charging is the postal union fee, and the Communist government there is simply encouraging their exporters by putting it on a plane and sending it to Canada free. That's the extreme. I don't know how you can fight that. It's a form of subsidy, basically.

**Ms. Yasmin Ratansi:** Have you seen any similarity in Europe, say, since Britain and France and Germany...? Mostly Britain and France have a very strong unionized environment.

**Mr. Andréa Alacchi:** Yes. Unfortunately, I only see this as a consumer, not as a businessman. I myself don't buy from Europeans, so I don't know what they do. I do buy from Americans, and I do see what the American rates are, since I'm also a client of the United States Postal Service. As I said, they will mark up a product coming to Canada, maybe 30% to 40% more than domestic, whereas we tend to mark it up a lot more in Canada.

They regard it as follows. Getting it to the country costs you something. Then once it's in that country, it's whatever the postal union rate is. We can either charge a lot for the service of taking it out of the country, so that we can recover costs for domestic in doing so, or we can just deliver it to the United States at cost, let's say, or close to at cost, and then pay the fee for delivery in the United States. It would probably be more competitive that way.

• (1345)

**The Chair:** Thank you.

Mr. McCauley, five minutes, please.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thank you, gentlemen, for being here. There have been some interesting answers.

This morning we were meeting with another online retailer. They were commenting on the price with Canada Post and a lot of the new competitors coming in to take away the business, etc. Are you finding the same, or are you using Canada Post solely on a price basis?

**Mr. Andréa Alacchi:** When you say “competitors”, do you mean the competitors to my business?

**Mr. Kelly McCauley:** No, I mean lower-cost delivery. I'm sitting here listening to you, and you sound like you're saying, well, we use Canada Post, and Canada Post only.

**Mr. Andréa Alacchi:** We do. We do only use Canada Post.

**Mr. Kelly McCauley:** But this morning you said, oh, there are lots of cheaper competitors.

**Mr. Andréa Alacchi:** No, I never said that. Maybe the person this morning said that.



**Mr. Kelly McCauley:** Okay.

**Mr. Andréa Alacchi:** What I said was that it's cheaper for foreigners sometimes than it is for us to send to remote areas in our country. Canada Post does provide a very good service. If we use UPS or other carriers, we will do so only on larger packages and only when we really need the tracking, because this is something Canada Post doesn't do very well. They don't really track the packages that well. If it's expensive, if it's fragile, if it needs to be insured, we'll go with the other carriers.

I would say that 99% is Canada Post. It's not a bad service. It's a good service. If it weren't, we would ship it from the U.S. like we used to. The reason we don't do that anymore is that the exchange rate helps, but it's also the image. How would you like to buy something on *lencrier.ca en français* and get it shipped from New York? It doesn't look good. We take the hit to preserve the corporate image. Even on our Canadian website, *inkpot.ca*, we're not going to take a hit on our image. We're Canadian. We ship from Canada.

If it ever gets as bad as it used to be at one time, we'll reconsider that policy, but for now that's the policy.

**Mr. Kelly McCauley:** You spoke very well about Canada Post being like an infrastructure item. That's very interesting.

I'd like to ask you other three gentlemen how you feel about that. We start getting into what he called the paradox where we're finding that everyone wants all the service, everyone wants everything, but no one wants to pay for anything. It's very clear: no higher taxes, no subsidies, no more for stamps, and by the way, deliver it all.

I mean, you're compatriots there. How do you feel? What are your thoughts on that? Do we charge more and have the taxpayer subsidize it, which would be you and all of us?

**Mr. Christian Fréchette:** The business model, the way it should be built, is pretty simple. On the B2B side, on the business side, it should be a profit centre. On the flip side, for the consumer market, it should be a service. The business side should subsidize the public side.

**Mr. Kelly McCauley:** Unfortunately, from what I understand, it's the other way around. The door-to-door subsidizes the other.

**Mr. Christian Fréchette:** Absolutely.

**Mr. Kelly McCauley:** This wouldn't happen, obviously, but let's say Canada Post ended tomorrow. Who would you use for your shipping? Would you go to UPS? Or are there any competitors able to do it?

**Mr. Christian Fréchette:** It really depends on where and what you're shipping, and on the deadline you're facing.

With regard to Mr. Couture's last point, I could not agree more. Canada Post is probably the most efficient service you can have—if you have time. If you want to get something shipped ASAP, you don't consider Canada Post. If there's one place that should be improved more at Canada Post, it's on that side.

**Mr. Kelly McCauley:** Yes. Well, there's such a thing as when it absolutely has to be there on time, life and death, it's FedEx, but otherwise it takes a couple of days. It's just reality.

Mr.—

**The Chair:** Very quickly, Mr. McCauley.

**Mr. Kelly McCauley:** I'll pass. It was just following up a bit on Ms. Ratansi again about the price difference with the U.S. about cross-border, but I don't think we have time to go into it. Maybe in the next round I'll follow up.

**The Chair:** Our final questions will come from Mr. Whalen.

**Mr. Nick Whalen (St. John's East, Lib.):** Thank you, Mr. Chair, and I'll pick up on that point because I also want to flesh it out.

Regarding this idea about the Universal Postal Union and differential rates, Canada gets access to the U.S. Postal Service on the basis of the treaty we have with them under the UPU. We get access to Europe.

The U.S. Postal Service is subsidized to the tune of about \$18 billion U.S. per year. When you get your products into the U.S., you're taking advantage of that subsidy. The counterpoint would be that Canada could increase its rates for foreigners using our service, but then we wouldn't get access to the same preferential rates if foreigners had to use our service at the true cost.

Do you think that Canadians should up the prices that we charge foreigners to use our internal postal service and no longer be able to access their subsidized service to sell to U.S. customers or Chinese customers, or do you think that Canada should subsidize our postal service to the tune of about \$1.8 billion U.S. a year to provide the same level of universal service, if we could do it?

I'd like to hear from everyone on that point because, if selling to the U.S. is such an important concern, that's the money issue.

• (1350)

**Mr. Andréa Alacchi:** Well, I think the money issue, since you put it that way, is more important for our consumers buying abroad. For sellers, I always put it on my truck and drive it to the U.S. I've been doing so for 15 years. I keep doing it; it's not a problem. As for Europe, we'll set up depots in Europe. We're already planning to send stuff to Amazon FBA, Fulfillment by Amazon. They're all over the place, Europe, the U.S., wherever. We'll build the products in our plant here and we'll ship them there, and then fulfill from there. Whether we lose this nice access to these markets is really quite irrelevant because we're going to set up to avoid that. The Canadian, when he buys, is going to prefer dealing with the foreigner who is getting this cheap entry, especially to remote regions, more than us.

Also, it's a bit of a pity for the poor person who lives in Nunavut or something, where it's very difficult to do e-commerce when they're going to have to ship everything across the U.S. border. It's not going to happen.

E-commerce is a good thing. I can see many Inuit probably wanting to sell their art on websites, and lots of people around the world wanting to buy it.

**Mr. Nick Whalen:** Thanks, Mr. Alacchi, but are you saying, then, that we should be subsidizing our system the same way the U.S. is subsidizing theirs as an e-commerce infrastructure requirement?

**Mr. Andréa Alacchi:** I would say they seem to have been successful with it from the point of view of e-commerce. They're global leaders. If we're going to be their neighbours and we're going to have free trade with them, maybe it's something we should consider.

**Mr. Nick Whalen:** Let's hear from the rest of the members of the different chambers of commerce and the businessmen's groups.

**Mr. Réal Couture:** I'll have a crack at it.

When you say subsidized, from a business point of view it means that you're losing money and you want to do something. When you start doing the math and listening to the comments from our members, especially when they're in the residential mode, people are very well paid. When you are a truck driver for UAP, the average salary in Canada is \$22 an hour. That's \$44,000 a year. Postmen are probably higher than that. A truck driver for UPS is lower than that.

Let's not kid ourselves. I come from Saint-Michel-des-Saints. That's two hours away from here. The asphalt stops there, and when you send something out there UPS, he'll drop it in the village. He won't go three miles further than that because they won't make their money. They drop it in the village, and that's it. All that to say that, when you subsidize, people have to have the idea that they're subsidizing a good cost structure. I don't know what that means, but it's a good cost structure.

[Translation]

**Mr. Nick Whalen:** We have a file in French if you want it.

**Mr. Michel Limoges:** Can I jump into this discussion?

I would say that it is a matter of being competitive on the world stage. If Canada Post ran a deficit by providing a well-organized national service, I think that companies would develop more and would make more money. If they make more money, they will pay more taxes, which would repay that same deficit. That is probably an avenue to be explored. As Mr. Alacchi said, Canada Post has an infrastructure that must be developed, just like highways and bridges. It is in the financial interests of our industries and of all Canadians to have an efficient system that is competitive internationally.

● (1355)

[English]

**The Chair:** Thank you very much for your presence here today. You've added greatly to what we have been doing for the last few weeks. We do appreciate your comments. We do appreciate your observations.

As I said at the outset of this session, should you have any further information you wish to submit to us for the benefit of all of our committee members, please send that directly to our committee clerk. Certainly, if we have more questions of you, and I suspect we might, we'll do the same for you.

We will suspend now for just a few moments, until we get the next set of witnesses to the table.

● (1355)

(Pause)

● (1400)

**The Chair:** We have at the table Steve Ferland, national coordinator of Save Canada Post; Magali Giroux, who is also with Save Canada Post; and Daniel Boyer.

I understand you all have some opening comments. We'll start with Mr. Ferland and Madame Giroux, five minutes, please.

[Translation]

**Mr. Steve Ferland (National Coordinator, Save Canada Post, Canadian Union of Postal Workers):** Thank you, Mr. Chair.

First, I would like to extend greetings to the Standing Committee on Government Operations and Estimates.

We must thank the Liberal government for holding a public review of Canada Post so that its future can be discussed and solutions can be found. Instead of useless cutting, deregulation, not to say privatization in disguise, as the task force report seems to favour, we think that it is high time to launch a 21st-century postal service that is prosperous and that meets the needs of Canadians. In order to do this, we are proposing the creation of new sources of revenue such as from banking services and the numerous other avenues we mentioned in the brief we presented last week.

The Save Canada Post campaign represents more than 600 municipalities and regional municipalities that condemn Canada Post's five-point plan. It includes more than a hundred organizations, both Canadian and international, including First Nations, labour federations, retiree associations in various areas, associations of those with reduced mobility, federal and provincial political parties, even chambers of commerce, to name but a few. We have gathered hundreds of thousands of signatures from Canadians on petitions that also condemn the same five-point plan and that have been tabled in the House of Commons on several occasions in the last three years.

In addition, more than 600 municipalities all across the country have adopted another resolution supporting the establishment of a postal bank, as well as the addition of new services for Canadians. Before I give the floor to my colleague Magali Giroux, I would like to take some time to rectify certain information presented in the task force report and which, curiously, Canada Post also mentions.

That information, about the number of Canadians getting home delivery, indicates that 26% get their mail in the lobby of their buildings, 4% get it from a roadside box on their property and 27% get it at home. Those figures total 57%. The figure takes into account the 800,000 households that have been converted to community mailboxes. So more than half the population—not one third, as the task force states—get home delivery of their mail. In our view, receiving one's mail on one's property or in the lobby of one's apartment building is still definitely home delivery.

Thank you. I will now turn the presentation over to Mrs. Giroux.

**Mrs. Magali Giroux (Coordinator, Save Canada Post, Quebec, Canadian Union of Postal Workers):** Thank you.

As I have very little time, I am going to go right to the point and talk to you about a solution that the task force seems to have discarded, the idea of a postal bank.

Unlike the major banks, a postal bank has a much more social purpose and can reinvest its profits into its communities. The main excuse that the task force used for discarding the idea of a postal bank is that the Canadian banking system is very healthy. It is so healthy that the six major banks made profits of \$35 billion last year, in addition to handing over \$12 billion in bonuses to their executives.

According to Radio-Canada and *Le Devoir*, three major Canadian banks—RBC, Scotiabank and CIBC—are widely reported to be among the banks dealing with companies in the Bahamas. Is that what we call a healthy banking system?

The portfolios of the CEOs of the major banks may be very healthy, but the same can unfortunately not be said for the public and the communities. Canadians pay among the highest banking fees on the planet. A million Canadians have no bank accounts, more than two million Canadians have to go to payday lenders like Insta-Chèques, and a number of towns and villages have no banking services. By contrast, post offices are everywhere. There are 6,300 postal counters in the country. By way of comparison, that is twice the number of Tim Hortons.

A postal bank is much more oriented to society and to the community. It could provide a new source of revenue for Canada Post and reinvest part of its profits into communities. In France, the postal bank puts part of its profits back into building social housing. In Italy, the postal bank has chosen to invest in the country's infrastructure and its regions. The postal bank in Canada could support local small businesses, as well as investing in energy-saving transformations through loans or subsidies.

A bank like that could go back to the original mandate of credit unions. Don't forget that credit unions were established to support regional economies, farmers and the working class. Unfortunately, credit unions in Quebec have moved away from their original mandate and we are seeing them disappear from the regions more and more.

Of the \$35 billion that the banks made in profits last year, I would like to know how much was reinvested in communities. A societal choice must be made: either we continue to protect the excellent financial health of our major banks and their executives at the expense of Canadians, or we begin to seriously concern ourselves

with the financial health of our people and our communities, health that is becoming more and more precarious.

I am asking the parliamentary committee to make public the secret study conducted by Canada Post, in which 700 out of 811 pages were redacted, and have people with no conflict of interest conduct a serious, fully transparent study on the establishment of a postal bank in Canada.

The government asked Ms. Bertrand to study all viable options for Canada Post. Ms. Bertrand is the president of the Fédération des chambres de commerce du Québec, and she sits at the right hand of a number of directors and vice-presidents of major banks. The same can be said about Deepak Chopra, the CEO of Canada Post, who is on the board of directors of the Conference Board with the President and CEO of RBC. There is a real conflict of interest there, as I see it. I doubt if any of those people want to talk about a postal bank.

When Canada Post announced the mandate, it said that everything would be studied except privatization. The task force document excludes everything except privatization and deregulation.

A postal bank is only one a number of services that Canada Post could provide. Post offices could become real focal points, providing services to the community. Canada Post is a public, universal service. That is the perspective from which the crown corporation must be studied, not from the perspective of a private company.

Canada Post is a source of pride for Canadians, and so it must remain.

• (1405)

**The Chair:** Mr. Boyer, the floor is yours. You have five minutes.

**Mr. Daniel Boyer (President, Fédération des travailleurs et travailleuses du Québec):** Thank you, Mr. Chair.

Thank you for allowing the Fédération des travailleurs et travailleuses du Québec—the FTQ—to make its case.

The FTQ is the largest trade union in Quebec. We represent 600,000 workers in all economic sectors and regions of Quebec. Its affiliate, the Canadian Union of Postal Workers, represents 10,500 employees at Canada Post. The FTQ supports the efforts of the Canadian Union of Postal Workers to maintain and improve the postal service. We speak for all our members and the people who care about keeping this essential public service.

Although the current government has clearly ruled out the privatization of Canada Post, we find that the options considered and adopted by the working group responsible for reviewing the corporation, taken together would lead to a form of deregulation and privatization of postal services. Unlike the general thrust of the document submitted by the working group, we firmly believe that Canada Post's survival depends on the expansion of its services, as is being done in dozens of other countries.

That is why, overall, we are not satisfied with the working group's findings, which include: reducing the frequency of mail delivery; replacing home mail delivery with community mailboxes; charging people who want home delivery; charging fees based on the number of kilometres for the letters being sent; changing the moratorium on the closure of post offices; converting post offices into franchises; and reviewing the labour and pension costs. Those are not solutions that we wish to study.

According to a European study, opening up postal administrations to competition has turned out to be a disaster. Proponents of deregulation have dangled the promise of lower prices, better services and new jobs. The reforms have not had the desired effect. Worse still, they have caused job losses, deteriorating working conditions and lower compensation for workers in this sector. Postal deregulation is not in the best interests of either citizens or workers.

We must not forget that, were it not for the one-time events or the lockout in 2011, or the changes to accounting practices in 2013, Canada Post would be in its 22nd year of profitability. So why throw Canada Post in front of uncertain, radical choices?

As for the decrease in the number of letters being sent, the working group suggests ending daily mail delivery. We think this option would weaken public services and make Canada Post less competitive. This would indirectly open the door to privatizing Canada Post. We are therefore asking that the complete and daily delivery be maintained.

In terms of jobs, let me highlight the importance of postal services for employment. All over Canada, there are dozens of thousands of employees working in the postal sector. In its election platform during the last election campaign, the Liberal Party wanted to promote the middle class and quality jobs. Well, middle-class people work for the corporation, and I think they need to be considered. These jobs come with good working conditions and are well paid across Canada.

In Quebec, as I mentioned, 10,500 people are employed at Canada Post. In Canada, there are over 60,000 people. Canada Post's plan was to eliminate positions, but far more cuts seemed to be in sight than announced. In our view, any revision of Canada Post's mandate should not only seek to protect jobs, but also to create more by providing a wider range of services.

Mrs. Giroux mentioned services that could be put forward, such as allowing the Canada Post Corporation to provide banking services. That's the case in 60 countries around the world. We think Canada Post could learn from what is being done elsewhere. It's no secret that rural banking services are shrinking more and more. We believe that Canada Post could play an extremely important role in this area.

As for green economy, the Canadian Union of Postal Workers and a number of other civil society groups have developed a vision of what Canada Post could become in a document entitled "Delivering Community Power: Launching a bold vision for the green transformation of the post office". The solutions proposed in the document would address the needs of communities, would reduce greenhouse gas emissions and would promote local and regional development. In other words, they are part of truly sustainable development.

The document contains several measures, including expanding home delivery service, which would reduce greenhouse gas emissions; mandating Canada Post with the last portion of parcel delivery, which again would reduce GHG emissions; setting up charging stations where there are post offices; replacing delivery vehicles with electric or hybrid vehicles manufactured in Canada; granting loans to individuals, particularly for activities such as eco-energy retrofits; bringing together consumers—Mrs. Giroux talked about this—and local producers, which would reduce greenhouse gas emissions and stimulate regional economies.

• (1410)

That's what we wanted to share with the members of the committee in the few minutes we had. We hope to be able to share more ideas with you.

We would be pleased to answer any questions you may have.

**The Chair:** Thank you very much.

[English]

On that last point, Mr. Boyer, I will say to you what we've said to all of our witnesses who have come before us. Should you have any additional information that you were not able to impart to this committee, you can certainly make submissions to our clerk, directly, if you feel that there is more information that would be of benefit to all committee members.

Similarly, if committee members have more questions of you, would you permit us to contact you with questions that we may feel were unanswered when you were here?

I'll take those nods as concurrence on that.

We'll now go into our seven-minute round of interventions.

Mr. Ayoub for seven minutes, please.

[Translation]

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

My thanks to the witnesses for joining us.

I am a positive person. I think the comments are positive and that we are trying to find solutions. You are in solution mode when you are talking about solutions and a postal bank.

However, I would like to backtrack a little. Canada Post published a five-point action plan, and this is nothing new. Based on all the testimony that we have heard, I have noticed something about the communication, transparency and the way business is conducted between the various entities, be they unions, Canada Post employee representatives or senior management. There is a lack of communication and trust in passing on information about Canada Post's strategic planning.

Has there been any communication since the action plan was published? The Canada Post leaders had a vision in mind, but perhaps not the same as yours.

Mrs. Giroux, what do you think?

• (1415)

**Mrs. Magali Giroux:** We have been repeatedly hearing that communication is almost non-existent at Canada Post. When we, at the Syndicat des travailleurs et travailleuses des postes, find out something, it is through the media like everyone else.

Some misinformation has circulated since the action plan was announced. One of the major inaccuracies I would like to talk about is the claim that Canada Post is on the verge of financial disaster because of the drop in letter mail. First of all, that's not true. This morning, people clearly presented Canada Post's financial results.

Furthermore, the sending of letters is decreasing not only in Canada but everywhere else. It is important to understand that the Canada Post system is based on the postal carriers' routes, which are constantly changing. For years, letter mail has been gradually dwindling. Postal carriers' routes are regularly reviewed and recalculated based on the drop in letter mail. Over the past years, a number of jobs and routes have been eliminated. Since that issue has been addressed, the problem of letter mail has already been solved. It is as if we wanted to solve this problem a second time.

**Mr. Ramez Ayoub:** I would like to say something because we've received other information.

You say that positions have been eliminated. Personally, I've heard that Canada Post had a job minimum. When we met with the union last week, we were told that this was part of the Canada-wide collective agreement. So there is no way of restructuring by eliminating jobs.

**Mrs. Magali Giroux:** Let me explain.

A number of postal carrier positions and routes have been eliminated. This means that people left and have not been replaced. Those are job losses. No one has been fired so far because section 53 of the collective agreement on job security is our safeguard.

However, at the last round of negotiations, Canada Post wanted to first tackle section 53 of the collective agreement. We have maintained the status quo, but for two years only. You can be sure that Canada Post will be at it again.

**Mr. Ramez Ayoub:** I will continue along the same lines as the start of my question.

We are clearly seeing a transformation at Canada Post. You are saying that letter mail is declining. We have met with people from a chamber of commerce who said that Canada Post could not continue

with the same business model. However, that's not what Canada Post is saying.

You are saying that there are money and profits and that the numbers show it. However, we have to remember that the price of stamps has gone up significantly. We are talking about a 25%, 30% increase in the past few years. The business model therefore had to be changed, but apart from the postal bank, which seems to be an option, how do you see the transformation of this corporation, which provides a national service?

**Mr. Steve Ferland:** Since profits of \$45 million have been recorded for the last two quarters, we don't see why action is urgently needed. Should we talk and find solutions for the next 15 or 20 years? Certainly. That's what we are actually doing right now.

Let's backtrack. The mandate was reviewed in 2008. In 2013, we were preparing to review Canada Post's mandate, but instead, there was a five-point plan with no consultation whatsoever. People from only 46 communities in Canada were invited.

In our view, what we are doing here is proper communication.

**Mr. Ramez Ayoub:** Absolutely. The purpose of the committee is precisely to establish communication. As the mayor of a municipality that lost its home mail delivery, I had a front-row seat when the five-point plan was implemented. Communication is definitely vital. And it has been missing, prompting heavy criticism.

Mr. Boyer, you have a lot of experience in union negotiations. A round of negotiations has still led to a two-year agreement with Canada Post. I look at all that and think that managing to sign a two-year agreement is rather exceptional under the circumstances. There is a lot of confusion and no trust in the employer.

How are you coping with that?

• (1420)

**Mr. Daniel Boyer:** The fact that an agreement was reached is interesting. However, you will agree that we cannot be content with a two-year vision for a crown corporation like Canada Post. Eventually, there will be more collective agreement negotiations. More talks will be needed. I hope that, for Canada Post's mandate, there will be a future beyond two years.

With crown corporations, the focus is always on setting up competition, franchises or privatization, but never on expanding the services. It's always about cutting them. However, the corporation's mandate could be very interesting. Banks and credit unions are indeed disengaged in the regions. In terms of services, we could talk about phone and Internet services.

I think Canada Post could play an even greater role in the local and regional economic development of many fine regions in Quebec and Canada.

**Mr. Ramez Ayoub:** Thank you.

[English]

**The Chair:** Mr. McCauley, for seven minutes, please.

**Mr. Kelly McCauley:** Thanks very much. I appreciate some of the things you were saying.

Getting back to the five-point plan, we had heard from the task force. I realize you are from a different interest group and you'll disagree, but the task force said that the five-point plan was a good start, and it needs to go further.

I know you'll disagree, but do you see any of the items in the five-point plan that can be done, that are necessary, or do you reject them outright? Is there some room to work with them on some of these items?

[Translation]

**Mrs. Magali Giroux:** You are talking about the five-point plan. To me, it is clear that we have to reject it. First, it is based on inaccurate figures from the Conference Board of Canada. I don't have them in my hands, but the fact remains that a deficit of \$200 million or \$300 million was expected for 2014. However, the corporation had a profit of \$200 million instead. If it's not possible to forecast one year in advance and there is a \$500 million mistake, I don't think it's reliable.

[English]

**Mr. Kelly McCauley:** We've heard this from both the Conference Board and Ernst & Young, which is an internationally recognized consulting company. Why do think they have put forward, as you say, false numbers or incorrect numbers? These are both well-recognized and respected organizations, and yet—

[Translation]

**Mrs. Magali Giroux:** I would like to add something.

[English]

**Mr. Kelly McCauley:** The numbers are numbers. How is it that yours are so far off from theirs?

[Translation]

**Mrs. Magali Giroux:** Those are not our numbers, but Canada Post's.

As for Ernst & Young, I would like to be able to say that the figures they used are accurate, but I don't know. I asked to see the report, but my request was denied.

Usually, when there is a mandate review, we have access to the documents the committee or the task force used. But they refused to provide me with those documents.

**Mr. Steve Ferland:** Perhaps I can add something.

[English]

**Mr. Kelly McCauley:** Briefly, we're short of time.

• (1425)

[Translation]

**Mr. Steve Ferland:** I will be very quick.

I would submit to the committee that there is perhaps an appearance of a conflict of interest. Pierre Lanctôt, who works for Ernst & Young and is one of the partners, helped develop the content

used by the task force. He was Canada Post's chief financial officer from 2003 to 2009. So there is an appearance of a conflict of interest.

[English]

**Mr. Kelly McCauley:** One of the items that's come up a lot is pensions. We saw recently that Unifor and General Motors move to a new tier where anyone new from this date onward is going to go to defined contribution. Would you ever see yourself going to that to help save Canada Post and reduce costs, or do you not see it as a cost issue at all, and more the complete swing in the way Canada Post is operating?

If it's not an appropriate time to say, that's fine.

[Translation]

**Mr. Daniel Boyer:** The agreement with Unifor is private. The Fédération des travailleurs et travailleuses du Québec and all the affiliated unions don't want a two-tier discriminatory system, one for new employees and another for former employees. We have actually called on the Government of Quebec to pass legislation to that end. We don't see how we could establish a system without the same benefits for Canada Post's workers.

[English]

**Mr. Kelly McCauley:** One of the things we've heard from Canada Post is that the regular letter delivery is dropping. I've seen information that says the biggest profit item per item is on letter delivery, so they're losing their biggest profit driver. Do you agree with that? What they're saying is that with Purolator, etc., the amount of profit from that is a small amount. Most of its profit is from the door-to-door or letter delivery in high-density areas, whether it's Montreal, or Toronto, etc.

[Translation]

**Mr. Steve Ferland:** We agree that the demand for the letter mail service is decreasing. I could answer with a question: why has Canada Post invested \$2.5 billion in this service when it saw that the percentage of generated revenue was dropping significantly? Ask Canada Post that question.

**Mrs. Magali Giroux:** I would like to add something to that.

[English]

**Mr. Kelly McCauley:** I can't answer for them. It's a rhetorical question.

[Translation]

**Mrs. Magali Giroux:** We are not denying that the demand for the letter mail service is decreasing. However, as it was amply pointed out, demand for parcel delivery is really booming. That's why Canada Post does not have a deficit. In addition, Canada Post could diversify its services, as is being done around the world.

We talked about a postal bank. I didn't have a lot of time to talk about that, but there are a lot of other services that could be provided, as other postal networks are doing elsewhere in the world. Do I have time to briefly elaborate on that?

[English]

**Mr. Kelly McCauley:** We don't have the time.

[Translation]

**Mrs. Magali Giroux:** A number of things could be done. In other parts of the world, insurance and telephone products are available. We know there's an Internet problem in some regions.

[English]

**Mr. Kelly McCauley:** Do you believe that Canada Post, which is a government entity, should be competing with private industry in the private sector, when you say banking, insurance, etc.?

[Translation]

**Mrs. Magali Giroux:** In terms of banking services, I don't see it as competition with private banks, because the banking system marginalizes a segment of the population. People are left behind by the banking system. With \$35 billion in profits, I don't think that any of the six banks will go bankrupt in the next year because Canada Post introduced a postal bank.

**The Chair:** Thank you very much.

Ms. Trudel, you have seven minutes.

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

My thanks to the witnesses for their presentations. They are very much appreciated.

Earlier, you gave a short presentation on postal banks. The task force report brushed that option aside. Could you elaborate on that? Does Canada Post have the necessary infrastructure to set up a postal bank and are the employees qualified to do that job?

**Mrs. Magali Giroux:** In terms of infrastructure, we talked about this aspect. There are 6,300 postal outlets in the country. It is the largest infrastructure network. We are everywhere, in all the small villages and small communities.

As for the qualifications of employees, it is important to note that we are already providing a lot of services, such as money transfers and money orders. We have trained, reliable employees.

For instance, I am a letter carrier, but I also went to university. I have a general and life insurance agent certificate. In addition, I worked as a financial planner in a credit union for five years. I think some of our members are trained and some could very well be trained.

Mr. Boyer, would you like to continue?

• (1430)

**Mr. Daniel Boyer:** I don't think there should really be any doubts about the skills of the postal workers.

In terms of expanding Canada Post's range of services, that would be fantastic for the simple reason, as mentioned, that bank services are less and less accessible in the regions. In addition, we heard this morning on the radio that the Laurentian Bank was going to

announce on Wednesday that there would no longer be teller services.

Credit unions first eliminated the number of service counters and then the number of ATMs. In the regions, there are fewer and fewer banking services, while we have 6,300 postal outlets across Canada, which could make those services available to remote communities.

If we no longer want the regions and we want to concentrate everything in large centres, that's one thing, but I don't think that's what we want either in Quebec or in Canada. We hope that our regions will be revitalized. We want local and regional development. Canada Post can play a significant role in providing banking and many other services.

**Mr. Steve Ferland:** This morning, I was here for the presentations of some of the groups before the committee. Some were representing people with reduced mobility and seniors. One of the services we are proposing is support for seniors or people with reduced mobility.

Since letter carriers go door to door, why not ask them to ring the doorbell whenever possible. We do that already as letter carriers. We know our clients and we know who lives where. Why not include this in the schedule and tasks of carriers, asking them to ring the doorbell to make sure that the person is doing well? We often hear that people have fallen and that they've been lying on the floor for two or three days. Since the population is aging in Canada, this would be a good service that we could provide to the public.

**Ms. Karine Trudel:** The task force report also talks about the moratorium on post office closures. Could you fully explain what the moratorium means and what the repercussions would be for both post offices and municipalities if the moratorium were lifted?

**Mrs. Magali Giroux:** I would say that the impact is major, especially in small, remote villages. The post office is often more than just a place where people go to buy stamps or mail a letter.

Today, we often rely on the fact that everyone is doing business on the Internet and that everything is done through the Internet.

About two weeks ago, I was in Coaticook at a public consultation organized by MP and Minister Marie-Claude Bibeau. Some people said they don't have Internet in their village. It is not that they don't have high speed Internet, they have no Internet service at all in that area.

For those people, the post office becomes a vital necessity. It is a means of communication that is important and that must stay. People identify themselves with the post office. That is why we stress the importance not only of protecting post offices, but also of providing more services.

Among the 6,300 outlets in the country, there are unused spaces, both inside and outside. In small communities, why couldn't post offices become focal points? Why couldn't local merchants and artisans set up shop there to sell their products? At the same time, that could stimulate the local economy. I think it is important to keep the moratorium on post offices. There is a need.

Over the past few years, Canada Post has gone ahead with privatization. The post office is being shut down; Canada Post makes sure that it is shut down so the people no longer use it—we see this in large urban centres—and franchises are opened in pharmacies across the street. Slowly, the post office's hours of operation are reduced, it is deemed to be no longer needed and it is shut down. We all know that having postal services in pharmacies is privatization. The employees are not trained or unionized and they are paid minimum wage.

**Ms. Karine Trudel:** Thank you for those explanations.

You talked about training. My understanding is that, in post offices, employees were trained, whereas in pharmacies, the services are available, but the employees are not properly trained.

Is that correct?

**Mr. Steve Ferland:** That's sort of the case. The turnover rate in pharmacies is significant. These are precarious jobs at minimum wage. Of course, people want better salaries. They want to earn more than the minimum wage. These people are trained on the run. They are not really familiar with Canada Post's products and services that are available to the public.

• (1435)

**Ms. Karine Trudel:** Thank you.

[English]

**The Chair:** Ms. Ratansi, seven minutes.

**Ms. Yasmin Ratansi:** Thank you very much, all of you.

It's an interesting conversation we've had in Montreal and now here. When I look at myself as an accountant or as an operational consultant, the moment I hear “cost savings”, “effectiveness”, and “streamlining”, I know what that means, and you know what that means. We've had those conversations with Canada Post. We've had them with the task force.

Madame Giroux, you've brought in a very different perspective. You brought in a perspective of human capital and you brought in, I would say, a social justice agenda, which I think we have missed out when we were doing it because we were looking at profit from a P and L statement rather than the human impact. Again, the corporation and the task force have left that element out. So we are now, in this study, trying to bring that element back in.

I looked at what the postal union and some people have given us as to the road forward. You've come up with interesting ideas. I wonder where those conversations went.

Did the union ever have those conversations with the corporations? You talked about banking. I'm wondering why the task force even said banking was not feasible. You talked about \$35 billion that the banks make.

Are the banks afraid that you'll be competition like a *caisse populaire*, or a credit union, or things like that?

[Translation]

**Mrs. Magali Giroux:** Clearly, the banking lobby is very strong in Canada, and I think everyone knows it.

Why was it pushed aside? I was not at all surprised. As I said, I think there are conflicts of interest. Some people have their hands tied. It is definitely difficult. As for Deepak Chopra, we have been asking for the expansion of services for a long time during our collective agreement negotiations. However, Canada Post has always turned a deaf ear. This proposal has always been a non-starter. There has never been an openness.

Is it a coincidence that Deepak Chopra sits on the Conference Board of Canada next to the CEO of the RBC? The fact that Ms. Bertrand had a position—which I no longer think is the case—on the *Fédération des chambres de commerce du Québec* next to the vice-presidents and CEOs of the big banks did not help either.

[English]

**Ms. Yasmin Ratansi:** You've tried to have the conversations in terms of expansion of the service. If you look at the logistical network that Canada Post has.... The people who were before you said UPS would not go any further than the tar road and Canada Post will deliver past the tar road because it is part of its mandate to provide service.

Our concept of whether Canada Post is a business, or a service, or both.... Yes, it has to remain profitable and, yes, there are two sides to the equation. I think a question was asked of you whether you would look at anything within that five-point plan. For example, Canada Post tells us that labour cost is 70% of its operational cost and, therefore, that is their biggest problem, and so are the negotiations that they have to do.

Anybody can answer this. What is your response to that?

[Translation]

**Mr. Daniel Boyer:** We can have some fun and do an accounting exercise if you wish, but Canada Post is still a public service. We are saying that we have to expand its services. We must not leave everything that costs the most, but it is still a public service. As you mentioned, the UPS stops the service where the road ends and Canada Post covers the rest.

In terms of the percentage of the costs for Canada Post's workforce, we are talking about a service company. As a result, it is clear that, as in the health and education networks, a large percentage of the costs goes to the workforce that we need to provide those services. So a large percentage of the budget is earmarked for the wages and benefits of Canada Post's employees.



• (1440)

[English]

**Ms. Yasmin Ratansi:** That's an interesting one, because we're looking at the task force. We're not the task force; we're the consultation group. We're looking at the current operations and the future operations. In the current operations, some of the irritants really have to do with its profitability and whether it provides service.

I'm led to believe that Canada Post doesn't seem to think outside the box. Maybe it doesn't, because there was the concept of the hub—the elderly care, the financing of communities, and the delivery of grocery service. Somebody mentioned that for 14 years everything was going well, and then in five years you've had problems. You alluded to the fact that it's probably management that wants to think of privatization, but hopefully that's never going to happen.

How do you then balance the needs of the corporation to be profitable and the needs of the workers to ensure that this is a service model that blends properly? How do we do that?

[Translation]

**Mr. Steve Ferland:** The Canadian Union of Postal Workers has always been open to the idea of expanding services and of finding solutions that will make it possible to better serve Canadians. As Mr. Boyer said, if it had not been for the 2011 events and the change in accounting methods, Canada Post would have made a profit for 22 years in a row. Of course, we have to look to the future and find solutions, but we insist that this can be accomplished only by creating new services, not by cutting services.

**The Chair:** Thank you.

[English]

We'll have our last two interventions of five minutes each.

[Translation]

Mr. Gourde, the floor is yours for five minutes.

**Mr. Jacques Gourde:** Thank you, Mr. Chair.

When you are talking about adding services such as financial and insurance services, do you think Canada Post has what it takes to meet its responsibilities? To provide financial and insurance services, there needs to be a reserve fund. The logistics to consider are significant. Have you done a study on that?

**Mr. Steve Ferland:** There was a study on financial services conducted by Canada Post. I strongly encourage you to request that study done between 2009 and 2013. Why is Canada Post hiding it? We don't know why, but you should really take a look. The unredacted passages of the study show that the addition of financial services would be a winning strategy across the board. You really must read the study.

**Mrs. Magali Giroux:** A number of other studies have been done, including the one by John Anderson from the Canadian Centre for Policy Alternatives. I don't have that study with me, but it explains why Canada needs postal bank services. The infrastructure for that service is already in place. This has been done and is being done around the world. I don't think we are dumber in Canada than elsewhere.

The other point is that Canada Post had the means to invest over \$2 billion in the transformation of the postal service, basically for mail delivery. If Canada Post was able to invest a little over \$2 billion to deliver letters while it's claiming that the sector is declining, Canada Post should be able to make good choices.

**Mr. Jacques Gourde:** The basic financial services that you want to provide are the same as the ones that banks and credit unions no longer want to deliver under the excuse that they are not profitable for them. How will you make a profit from those services?

**Mrs. Magali Giroux:** First, they are banks in the private sector. I don't think that \$35 billion in profits per year for six major banks is an indication that they are not making a profit.

**Mr. Jacques Gourde:** I was talking about the services—

**Mrs. Magali Giroux:** It is not profitable for banks in the sense that they are always wanting more. So they are cutting the infrastructure and employees that cost too much. Canada Post, which has the infrastructure in place, does not need to reinvest to pay for a building.

I'm not sure whether I've answered your question.

• (1445)

**Mr. Jacques Gourde:** You need to issue loans to sell financial services. There won't be just instant tellers. These days, banks are removing instant tellers because it's difficult for them to be profitable when there aren't enough transactions.

**Mrs. Magali Giroux:** That's why the committee needs to seriously consider the feasibility of a project like this and how to do it. I'm not the one who can tell you now how to do it.

**Mr. Jacques Gourde:** But you think it's possible, right?

**Mrs. Magali Giroux:** Absolutely. Not only do I think it, but I'm convinced of it, too.

**Mr. Daniel Boyer:** I'd like to add that the financial logic of major Canadian banks and major world banks isn't to say that it isn't profitable, but that it isn't profitable enough. That's the only difference. There's certainly money to be made in this area. People suggest solutions like this because they think there's money in it. People think the Canada Post Corporation is able to provide these services.

Although people say there's money to be made, there may not be enough for the financial institutions because they can make more money in another way. I think it's unfortunate, especially for Desjardins, which has created financial institutions proper to each region—credit unions, in other words—that are withdrawing little by little. I think the Canada Post Corporation has quite a role to play in this area.

**Mr. Jacques Gourde:** So we should come back with a solution that is partly digital and partly inspired by the recommendations in the Ouimet report that would be more developed than the existing networks.

**Mr. Daniel Boyer:** Why not? If it exists in 60 countries around the world, why wouldn't it work here?

**Mrs. Magali Giroux:** I would add that a country like Switzerland is a small country of 41,000 square kilometres, while Canada is 10 million square kilometres. Switzerland has a population of barely 9 million, whereas Canada's is 35 million. Switzerland has 383 well-established banks and registered institutions.

I know that I'll be told that many tax havens exist already. That's true, except that Swiss citizens who wake up one morning and decide they need to open a bank account or get a loan can choose from 383 different institutions. Despite that, the Swiss post office has a postal bank that accounted for 71% of its total revenues in 2013.

**The Chair:** Thank you very much.

[English]

Our final intervenor will be Mr. Whalen, for five minutes please.

[Translation]

**Mr. Nick Whalen:** Thank you, Mr. Chair.

I want to ask your group the same questions I asked this morning. But I would first like to clarify one thing about the funding and finances of Canada Post.

[English]

Could you just either agree with me or not about my understanding of the financial situation. In the past, Canada Post has always predicted a deficit. Over the last five years, notwithstanding having predicted a deficit, they made a profit. So when they now say that in 10 years they'll be running a \$700-million deficit, it follows that it's the same logical error they've made in the past and that their financial situation is not as bad as they say it is. Is that the point you're trying to make?

[Translation]

**Mrs. Magali Giroux:** Absolutely.

[English]

**Mr. Nick Whalen:** We're hearing today from a number of groups that there's a mistrust of the reports from Canada Post. They don't know why the full survey of postal banking wasn't released. They question the veracity of the financial information that's being presented. We've heard allegations that members of the boards and the task force participate in the banking industry and therefore have a conflict of interest in honestly analyzing the potential for postal banks.

In light of this situation, do you feel that if a new division is developed for Canada Post, the current management will be able to deliver on a new vision? Do you think they believe enough in Canada Post to achieve a new vision, or do you think that in order to move forward with a new division we also need new management?

[Translation]

**Mrs. Magali Giroux:** First off, I would say yes because Deepak Chopra and the board of directors have clearly proven in recent years that they were not open to expanding services. Their sole vision was to cut services and the labour force instead of advocating a more positive and proactive solution when it comes to creating new services.

In short, I don't really expect their opinion to change overnight.

• (1450)

**Mr. Nick Whalen:** Mr. Boyer, do you agree with Mrs. Giroux?

**Mr. Daniel Boyer:** Absolutely.

[English]

**Mr. Nick Whalen:** Oh, sorry, Mr. Ferland.

[Translation]

**Mr. Steve Ferland:** I would just like to add that three former CEOs have already stated that creating a postal bank would be profitable for Canada Post, including Moya Green, who preceded Deepak Chopra, Mr. Warren and Mr. Ouellet.

**Mr. Daniel Boyer:** I have a problem when business leaders don't see their business grow. That's most of the time in the public sector. It almost never happens in the private sector, but it's almost always the case in the public sector. It's a bit strange.

Why aren't we focusing on growing the business and improving public services, instead of reducing services? The private sector is going to take over. But it will end up costing us more, and the services will be lower quality.

**Mr. Nick Whalen:** My concern is that the strike threat we had this summer ended up reducing the volume of mail sent directly to people and encouraged them to change how they do business with their bank. Under these conditions, they will get less mail by post.

[English]

Do you think it was more the fault of the unions or management, or both, that led to the labour strife this summer that may have actually decreased the revenues that Canada Post will earn this year?

[Translation]

**Mr. Steve Ferland:** The Canadian Union of Postal Workers never issued a 72-hour notice, except the last time. During the negotiations, which went on for nine months, we never issued a 72-hour notice, unlike Canada Post, which issued two lockout notices.

This summer's uncertainty was created by Canada Post, which sent messages to major mail users indicating that there would probably be a strike. They did not say that there would probably be a lockout, but mentioned a strike. However, we certainly never issued a 72-hour notice concerning a strike mandate.

[English]

**The Chair:** I think we'll stop now, but I will invoke the right of the chair to ask one question to all three. I do this rarely.

[Translation]

I'm sorry. I don't speak much French.

[English]

I will do this in English, if I may.

We've heard the issue of direct government subsidies a few times today, similar to what I would suspect successive governments have done with CBC. I would like a short answer from all of you. Do you believe that a direct government subsidy into Canada Post would be unnecessary because it can remain profitable, albeit with a few changes like expanding its network of services? Do you agree that subsidies could be part of the solution as a last resort, or are direct government subsidies something you would advocate?

May I have a short answer from all three of you.

Monsieur Boyer.

[*Translation*]

**Mr. Daniel Boyer:** It's a public service. If we want to keep it, I think we need to take every step necessary to do so. If it's through subsidies, fine, but we think we need good solutions that are likely to make the Canada Post Corporation's future brighter.

Talking about conflicts teaches us a lot about them or the so-called future conflicts. Martine Hébert, from the Canadian Federation of Independent Business, was devastated at the idea of losing the postal service during a possible dispute. The last time the postal employees were locked out, the House of Commons had to call them back to work because they are an essential service.

We need to keep this service. If we need to use subsidies, let's do it, but I think, if the solutions we are proposing are adopted, the Canada Post Corporation will be far more effective.

**The Chair:** Thank you very much.

**Mrs. Magali Giroux:** Yes, let's do it if it's necessary, but it won't be done because Canada Post delivered more than \$1.5 billion to government coffers in the past few years. There is no deficit. Taxes have never been used to fund Canada Post or pay employee salaries. So we're talking about a problem that isn't there.

Some great ideas have been proposed to boost Canada Post Corporation's revenues, and I think that's the direction we need to go in.

● (1455)

**The Chair:** Mr. Ferland, you have the floor.

[*English*]

A brief answer, please.

[*Translation*]

**Mr. Steve Ferland:** I took the easy road. Since I'm the third speaker, the others have said everything already.

I really think what Mr. Boyer mentioned is important. It is, indeed, an essential public service. If we have to use subsidies, I say go ahead, but it isn't necessary.

Canada Post is currently a profitable service. It has been in the last two quarters. We are also heading into the most profitable quarters. So let's turn toward the future and toward new services.

[*English*]

**The Chair:** Thank you very much.

Ladies and gentlemen, thank you for your information. Thank you for your candour. You have given us much information, which I'm sure we can incorporate into our final report.

We will suspend for a few moments while we wait for the next witnesses to come to the table.

Thank you again for your appearance.

● (1455)

(Pause)

● (1500)

**The Chair:** I thank the witnesses for being with us today. I hope you've had an opportunity to listen to some of the previous testimonies so you know, in effect, how this works. Each of you will be given a brief opening statement, and then we will have a round of questions from all committee members.

Monsieur Leduc, I have you as the first on my list. If you care to make an opening statement, I would ask that you keep your comments to no more than five minutes, please.

[*Translation*]

**Mr. Michael Leduc (General Manager, FADOQ-Région Laurentides):** Thank you, Mr. Chair.

Good afternoon, everyone.

My name is Michael Leduc. I'm the general manager of FADOQ-Région Laurentides. We cover the administrative territory of the Laurentian region, from Mille-Îles River to Ferme-Neuve and a little further.

A post office is an essential service for many members of our organization. However, as in many places in Quebec, the Laurentian region clearly contains both urban and rural areas. Many of the five points of the action plan that Canada Post wants to put forward have already been implemented in the rural part of the Laurentian region, and a start has even been made in the somewhat more urban areas.

As for daily door-to-door home mail delivery, I think the public's needs have changed in this respect. Personally, I have been living in Mont Tremblant for over 35 years. Where I lived, I had a post office box. I never had a mailbox at my home.

So perhaps I am a little biased toward letter carriers. I need to return to my childhood, when I lived in Saint-Bruno, and the letter carrier came by every day. Some arguments have been made about letter carriers and the useful social role they play, the least of which is with the Senior Aware program. It helps to recognize if someone hasn't been there for some time, which is good. A lot of people, in addition to the letter carrier, can take on this responsibility. Still, I think the service is important.

A reading of the documents shows that some interesting points have been raised. Sometimes we read a document that fuels a certain perception of the situation, then we hear other interventions and that view may change. From that perspective, the work you are doing now must be very interesting.

I think the cost of payroll and the service seems to be a major concern for Canada Post management, to the point that it might put much more time into trying to change the situation, instead of developing new directions.

Yes, it's a fact that people are sending fewer and fewer letters by mail. I no longer send Christmas or holiday cards. I use social media. Since the most recent increase in the cost of sending a letter, I've started avoiding sending them.

I think that Canada Post would do well to position itself in the digital world. A Canadian cloud might be worthwhile for Canada Post. A growing number of companies will have significant needs for data external to the office. For example, people use clouds in California or elsewhere in the world. It might be worthwhile for Canada Post to grow in that direction.

People could also benefit from Canada Post's expertise and knowledge about where Canadians live for various things. Surely there are markets that can be developed in this respect, even digitally.

I think it's important that there be some development in service for people with reduced mobility who have difficulty getting around, such as seniors, to ensure that they don't lose these services. I think Canada Post understands this vision in that respect.

Thank you.

• (1505)

**The Chair:** Thank you very much.

Mr. Flanagan, you have five minutes.

**Mr. Georges Flanagan (President, Association de l'Âge d'Or de Bois-des-Filion):** Thank you, Mr. Chair.

I listened to the previous presentations. They were very technical. Mine won't be technical, but will be totally based on people's needs.

I prepared a document that I will read. I will try to be as clear as possible.

As president of the Association de l'Âge d'Or de Bois-des-Filion, I am appearing before this committee to share with you the opinion of the association's members on Canada Post's services and on the corporation's intentions, as reported in the various media, including on TV and in print. Before going any further, I would like to share some facts about our association.

The Association de l'Âge d'Or de Bois-des-Filion has 430 members between the ages of 47 and 94. It's a wide age range, but they are all seniors. They live in the following cities: Bois-des-Filion, Lorraine, Terrebonne, Sainte-Thérèse, Rosemère, Laval, Montreal, Saint-Jérôme, Saint-Eustache and other small municipalities. These people are seniors and shine on a good number of people around them, including their immediate family, their friends, the people they do business with, and so on. It's still a fairly large group in terms of the local population.

On Tuesday, September 20, I consulted them at a meeting, where 100 of the 430 members gathered. I will describe the consultation's outcome.

The vast majority of the people present said they were very satisfied with the services provided and the rates charged. They

didn't have a problem with it. The only sticking point was home delivery. I think you might have suspected that.

Canada Post intends to install community mailboxes everywhere. It's also talking about imposing additional fees of some hundreds of dollars a year if Canadians, including seniors, want to continue to receive mail at home. That's a real problem.

First, let's remember that the postal service is a service that the federal government must provide to Canadians according to their needs. It isn't a service people choose. No, it's an essential service, like health care, road maintenance, old age security, and so on.

Certainly the federal government has its reasons for making the former Post Office Department a corporation that is managed like a private company that tries to find any means possible to make its activities profitable. However, it's especially important not to lose sight of the fact that the postal service is an essential service for Canadians. Trying to make a profit by decreasing the service is a little backwards.

Let's talk about the need as it has been defined. It's important not to lose sight of the characteristics of many Canadians, including our members and all seniors. Age brings all sorts of problems with it. Mobility is reduced as people age. That's the way it is. Financial means dwindle. People can't work anymore or take well paying jobs, and they receive a small retirement pension. The social environment gets smaller.

Everyone consulted feels that ending home mail delivery is a very bad decision for seniors. Many of them are isolated or housebound or have lost some mobility. The financial situation becomes more difficult as people age. Many seniors have only their old age security cheque and, for some, their Quebec pension plan cheque. Charging these people a couple of hundred dollars so that they can continue to receive their mail at home—which is essential—is the same as a surtax that would have a dire impact on their already meagre budget.

We don't have great solutions to recommend. But we are asking that Canada Post guarantee home mail delivery service for anyone 65 or older who requests it, without asking them to pay additional fees.

It's important to understand here that, out of all the seniors, the potential number that would make this request isn't as high as you think, since many of them live in retirement residences. Still others have sold their homes to buy a condo or another property, and many others live in apartment buildings, where there is a community mailbox. Many people aren't concerned about what we're presenting.

What we're trying to say is that this service is essential for some seniors and that the cost to provide it to them shouldn't be as high as it seems. Everyone consulted told me unanimously that mail doesn't need to be delivered daily, as it currently is.

● (1510)

Most of the mail they receive is advertising. We're suggesting that the mail be delivered to homes only twice a week. Surely that would be real savings for the Canada Post Corporation.

To sum up, I must again stress that the postal service isn't just a "business"; it's an essential service, first and foremost. For many seniors, home delivery remains an essential service, too.

Thank you.

● (1515)

**The Chair:** Thank you very much.

Mr. Boisclair, you have the floor.

**Mr. Maurice Boisclair (President, Club Lorr « Aînés »):** Thank you, Mr. Chair.

I represent an association called the Club Lorr « Aînés », a name that was created from the words "Lorraine" and "aînés", or "seniors" in English.

Our club is affiliated with FADOQ. You will understand that our technical research services aren't very sophisticated, so the report we are presenting will be fairly qualitative.

FADOQ has very fairly described the concept of an adequate quality of life for seniors. Health, safety, well-being and belonging are the fundamental pillars. Quite naturally, home mail delivery seems to us to be a very important aspect of the quality of life.

At a time when the government is making an effort, still insufficient but real all the same, to keep seniors who want to remain in their homes at home, ending home mail delivery seems to be purely counterintuitive.

In May 2014, the Club Lorr « Aînés » asked the City of Lorraine to put pressure on Canada Post to keep this service. In August that same year, we sent a letter to the federal minister responsible for Canada Post, Lisa Raitt, and to the Government of Canada, requesting a stop to the changes to services announced and to consider new sources of revenue. We know that these actions failed.

Community mailboxes have slowly started to appear, but this solution is far from adequate for people with decreasing independence, no matter how slight. We are seeing that winter maintenance of the area around community mailboxes leaves much to be desired. Remember that people deemed to be independent can't get up alone after a fall.

After pressure from some local organizations, a few concessions were made. For example, a 98-year-old woman, who is a member of our club, obtained mail delivery to her home once a week, without having to undergo a medical exam. That is a small consolation.

What can be considered for the future? Bringing back home delivery twice or three times a week? A minimum would be to provide home delivery twice a week to all people considered to be at risk and anyone over 80 who requests it.

I will read some excerpts from the notice submitted by FADOQ in 2015 because it contains some aspects that have just been mentioned.

WHEREAS Canada Post wants to encourage Canadians to use online services, seniors are penalized through their lower rates of connectivity and digital literacy;

According to the Institut de statistiques du Québec, close to 32% of seniors age 65 [only 32%!] and older use the Internet. In that same age group, 44.5% use it to pay bills or perform bank transactions. Although seniors increasingly tend to use the Internet, the figures are telling. More than half of them do not use the online services of the various institutions, therefore relying on the mail.

WHEREAS we are strongly defending the right of seniors to remain independent at home for as long as possible;

FADOQ has been maintaining for many years that it is fundamental for seniors and the government to encourage home support and extending individual independence by strengthening outreach services.

Thank you.

[English]

**The Chair:** *Merci beaucoup.*

We'll start our seven-minute rounds with Monsieur Ayoub, please.

[Translation]

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

I'd like to thank the three of you for joining us for another round of questions.

Mr. Flanagan, your comments about services spoke for themselves. It's important to know what the opinion on the street is. Along with Mr. Boisclair—who had a front row seat—I have experienced the loss of home mail delivery, especially in Lorraine.

Many changes have been asked of a population that had no say. The more we learn about the consultations, the more confirmation we get that there weren't any beforehand. Still, there is a great willingness. Listening to you today, we are seeing that opinions differ when it comes to solutions. In some cases, we're being told that the mail should be delivered to homes once citizens reach age 65. In other cases, that age is 80. According to stakeholders, it's about delivering the mail two or three times a week. You're suggesting improvements despite the ongoing loss of services.

I'd like your opinion on the situation that existed before services were cut back and the current one. In the past, a certain service was provided. Now that it has been taken away in our region, which is part of the Lower Laurentians, how are people managing? How did they react? Obviously, they may not have been happy with the change, but what has been the impact of this removal of the service and how are citizens managing in their daily life?

•(1520)

**Mr. Georges Flanagan:** As I explained earlier, I spoke to my members, and everyone present—there were over 100 people—told me that they had always been fully satisfied with Canada Post's services. No details were discussed, but the only negative comment had to do with home delivery for some of the seniors. The problem wasn't an issue for many of them because they live in condo towers or retirement homes where they already have community mailboxes. So I didn't get any comments about Canada Post's specific services.

**Mr. Ramez Ayoub:** Mr. Boisclair, do you want to add anything?

**Mr. Maurice Boisclair:** Allow me to digress for a moment with something that may have nothing to do with the current discussion.

The closure of the postal outlet in Lorraine has upset us more because it's very disruptive. The city still has a population of 10,000. It's really a problem for the citizens of Lorraine who have to go to another municipality to buy stamps, send parcels or have a letter weighed.

As for the mailbox, as long as it's the summer, early fall or late spring and you can get around easily, it would have been an inconvenience to be cranky about this. But when winter comes, knowing that the median age of our members is 73—meaning that half of our members are 73 years or older—it's another story. The oldest citizen is in Bois-des-Filion, and she's 101. She's the one who got mail delivery at her home once a month.

**Mr. Ramez Ayoub:** Once a month or once a week?

**Mr. Maurice Boisclair:** I'm sorry. Once a week.

The mailboxes are placed strategically so that they look nice. They are on a small path near a wooded area with a nice slope. Come winter, and the first ice, it may take one, two or three days before people can get to the mailbox. Some days, they can't open the box because of the ice, but it isn't a huge deal. They say that they'll come back the next day, that there will be a slight thaw and they'll manage to get it open.

The criticism I often hear is that snow removal around the boxes isn't always done properly. Near my home, near a school, people park near the community mailbox. When the snow plow goes by, the driver obviously doesn't get out of the vehicle with a shovel to clean around it. He moves on to the next place. That means that we are stuck for a week or two with a pile of ice on top of the snow that was already on the ground. Obviously, this irritates people.

•(1525)

**Mr. Ramez Ayoub:** I must interrupt you because I really don't have much time.

You gave the example of the 101-year-old woman in Bois-des-Filion who managed to get personalized service at home. Is this a possibility you've known about for some time? If you had been informed earlier, would it have changed the situation for people with special needs who might have access to personalized service?

Personally, I only found out last week that such an arrangement was possible.

**Mr. Maurice Boisclair:** The woman in question didn't want to undergo a medical exam. However, she knows a Radio-Canada

reporter who followed her progress, her aging and her lifestyle for a series of reports. I think this played in her favour.

**Mr. Ramez Ayoub:** Normally, a medical certificate or examination of some kind is required, but you need a doctor's certificate to get this exemption.

**Mr. Maurice Boisclair:** Yes. You need to see a doctor, and if you are already having difficulty finding one to take care of you, you'll have difficulty getting the certificate.

**Mr. Ramez Ayoub:** Definitely. Thank you.

[English]

**The Chair:** We have Mr. McCauley for seven minutes, please.

**Mr. Kelly McCauley:** Gentlemen, thank you very much for being here. I appreciate your passion and your volunteer work. In my past life, before I fell into this, I used to be head of Victoria's largest seniors foundation, Victoria Hospitals Foundation, so I admire what you're doing and I appreciate it.

I want to get back to what Mr. Ayoub was discussing mostly with you, Mr. Boisclair, about the community boxes. You answered a bit of it. We've heard that we need to do better consultation with neighbourhoods about where the box is placed. It's difficult, but if it had been placed in a more accessible location without the same ice issues, etc.... I have some of them in my riding, where it's a beautiful spot in the summertime, but, yes, come winter, it's impossible to get the plow down. Is it a more workable solution to some of your members, do you think, knowing that some seniors are infirm, but a good amount are still quite mobile? If it's in a better location, is it a matter of better location and better consulting, or is it just that there's going to be no solution with the snow?

[Translation]

**Mr. Maurice Boisclair:** There are always small problems. We can't stop anyone from always parking their car across from a mailbox. I've been in this situation. I've been told that elsewhere—

[English]

**Mr. Kelly McCauley:** We'll give your organization some of those Denver boots.

[Translation]

**Mr. Maurice Boisclair:** Generally speaking, we often hear comments like the areas around mailboxes weren't cleared safely for everyone. Obviously, it isn't a problem for some people, but for people who really have mobility problems, it really does cause a problem.

[English]

**Mr. Kelly McCauley:** Right.

[Translation]

**Mr. Georges Flanagan:** Think about someone who is 80 or 81. Even if that person is healthy and still fairly mobile, that person is 80 or 81 and fragile. If that person has to leave the house in winter to go to a community mailbox—like the one you described—if it's the slightest bit slippery and if there's a small snow bank, there's a risk of a fall and serious injury. I think we need to be very sensitive to that.

I'm not there yet.

[English]

**Mr. Kelly McCauley:** Yes, Mr. Boisclair explained it well.

[Translation]

**Mr. Georges Flanagan:** Yes, he explained it very well.

I'm not that old yet. I'm 68 and am already having some problems I didn't have before, but as for the members of my association, many of them volunteer to the extent they are able. Once you reach 80 or 81 years of age, the capacity isn't always there. That's why, as I said earlier, I think we need to be sensitive to people with difficulties because more difficulties are being created with a service that is essential.

• (1530)

[English]

**Mr. Kelly McCauley:** Right.

Mr. Boisclair, you were—

[Translation]

**Mr. Maurice Boisclair:** For one or two weeks in the winter, the street becomes a skating rink. For a man or woman who is 75, 80 or 85, having to go out and—

[English]

**Mr. Kelly McCauley:** I cannot recall where, but it was one of the suggestions that came up somewhere about seasonal boxes, so winter delivery, etc.

The lady you chatted about, 101 years old. That's amazing. I wasn't aware of this, but we heard from Canada Post recently that you can apply for and get weekly home delivery. They'll put it in the box and then once a week they'll move it to the home. We understand there are issues. Not everyone wants to get a doctor's note, etc.

However, if that is part of consultations with your groups and that is ironed out or set out properly and more easily, do you see that as a much more viable solution to this issue? We're not making them jump through hoops, as they say.

[Translation]

**Mr. Georges Flanagan:** If I've understood correctly, you're suggesting that the Canada Post Corporation be open to designating individuals who could be eligible.

[English]

**Mr. Kelly McCauley:** People would just have to ask.

My understanding is that right now it's available to the handicapped and the elderly. You have to apply and jump through hoops to get the service. If it's an easier service to apply for, and

again with consultation with various seniors' groups and handicapped groups, do you see that as a workable alternative to daily delivery, where once a week it's dropped off?

It's available. It just doesn't sound like it's easily available.

[Translation]

**Mr. Michael Leduc:** Yes, that is a possibility.

We live in a country that has four seasons, one of which is hell. During the other three seasons, we could function normally. Several industries are seasonal and Canada Post could also make seasonal arrangements. Community mailboxes would function year round, but in the winter, we could sign up for door-to-door delivery. Some criteria would have to be established and it would be relatively easy. In that way we would not have to deal with all of this circus.

There is already a program for disabled persons, who have a parking permit and are used to this type of process. Seniors as of the age of 70 are asked to undergo a medical examination every year in order to be able to keep their driver's licence. This could be done in connection with that, but not everyone has a driver's licence. We would have to find other means so that Canada Post could trust the people selected.

[English]

**Mr. Kelly McCauley:** I agree with you 100%.

**The Chair:** Thank you very much, gentlemen.

[Translation]

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

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

It is a pleasure to hear our witnesses today.

Like my colleague, I want to take this opportunity to thank you for your commitment. It is thanks to people like you that seniors can break out of their solitude and stay active. In my opinion that is very important. I enjoyed your statements, Mr. Flanagan and Mr. Boisclair. You seem to have consulted your members well.

In the report which was tabled by the task force—I don't know if you had an opportunity to look at it—they mentioned that additional costs could be imposed for door-to-door service.

Would some of your members be willing to pay a certain sum in order to benefit from door-to-door delivery?

**Mr. Georges Flanagan:** As I said earlier in my presentation, the older people get, the more precarious their financial situation becomes. I don't know if my colleagues agree with me, but that is a fact. Those are the very basic facts.

The former secretary-treasurer of my organization is also an accountant. He prepares the income tax returns of many seniors. Most of them have annual incomes that fall between \$17,000 and \$18,000. These people have serious health problems and are isolated, for the most part. It is hard to imagine how we could impose these fees on them, since their income is comparable to the minimum wage. In my opinion, we should not impose such a surtax on them. If they apply and are 65 years of age or more, and their financial situation is precarious, we should not even consider the idea of imposing fees on them.

Everyone recognizes that the postal service is essential, but for these people, door-to-door mail delivery is equally essential. Canada Post could develop a list of criteria in this regard, and the income of seniors who applied to receive door-to-door delivery should be taken into account. A person whose annual income is \$17,000 cannot increase his or her expenses.

● (1535)

**Mr. Michael Leduc:** We can now automatically recognize those who are eligible for the Guaranteed Income Supplement because of their low income. They can receive it without even having to apply for it. In fact, over 40,000 Quebecers do not receive this supplement even though they are entitled to it, because they have not been informed about it.

Regarding mail delivery, perhaps a link could be made between age and financial situation. Perhaps we could ask for a supplement from someone who still lives in their house with a value of \$400,000. This is a societal debate. In this case, we would have to find a way of distinguishing among persons, which would be a type of positive discrimination.

Be that as it may, it is clear to me that people for whom door-to-door mail delivery is necessary should not have to pay fees to receive that service. However, people for whom this service is a luxury they want to afford could be considered as user-payers.

However, how to establish a policy that would allow us to clearly distinguish between the two groups is another story.

**Ms. Karine Trudel:** Mr. Boisclair, earlier you mentioned that your post office had closed and that this had had a major impact on your community and your members. I would like you to tell us more about the collateral damage this caused. If your community's post office were to reopen, would other services be useful for the seniors you represent?

For instance, they have to fill out documents. We talked about Service Canada and Old Age Security benefits. I am not exactly familiar with your region's geography, but I was wondering if receiving other services could also be beneficial.

**Mr. Maurice Boisclair:** As for a post office that would play a social role, I would see that happening in the regions. Here the area is rather densely populated. The postal outlet was in my opinion the minimum that could be required. Now we are forced to go elsewhere. However, the services are offered there. I don't want to imply that services are lacking.

**Mr. Michael Leduc:** I find it inconceivable that a post office or postal outlet can be closed in a community, whatever its size, without offering any other solution. The document mentions franchises as a

possible solution. I find it hard to believe that there was a closure in Lorraine without a franchise or other postal outlet having been opened.

I find what the union people have to say interesting. They have a very different vision from the one presented in the document. They question certain figures. What I understood is that maintaining Canada Post is very costly in the current situation.

How are we managing to keep employees and provide reasonable salaries to them without exaggerating? I imagine that is the challenge to be met. Management is pitted against employees. In a way, there has to be a postal service in every community. I very much like the idea of making post offices community focal points.

● (1540)

[English]

**The Chair:** Mr. Whalen, go ahead for seven minutes, please.

[Translation]

**Mr. Nick Whalen:** Thank you, Mr. Chair.

I would like to continue on this topic.

Among your members, are there some who would like Canada Post to offer banking services? Do they want to see community centres in Canada Post offices? Do they want to be able to purchase or receive Internet services from Canada Post?

**Mr. Michael Leduc:** Yes, there is a need for that in the regions. I found the arguments in favour of setting up a postal bank in Canada Post outlets interesting. The committee has examined the matter. Certain credit unions are closing because they are not profitable. Perhaps there could be a collaboration between financial institutions and Canada Post, without necessarily creating a new bank.

I am not against the principle of creating a new bank, in light of what was said previously. There is ample room for that on the market. There are too many financial institutions that are closing in rural areas because operations there are not profitable enough. I find that rather unfortunate, but they're not forced to offer an essential service.

How can Canada Post create links with financial institutions? In the regions, in certain places, there is almost a community "ring".

**Mr. Nick Whalen:** Mr. Flanagan and Mr. Boisclair, is this something your members are asking for, or is this your personal opinion?

**Mr. Georges Flanagan:** As regards the need for postal services, all of the members of my association have relatively simple needs. These people are no longer active in the workforce. They no longer work. They are all retired. Their needs are relatively simple.



30% to 40% of our members use Internet services. That is how they pay their bills. So there is no problem in that regard. They do not receive tons of mail. They receive a small volume of mail. That is what led our organization to suggest that the frequency of mail delivery could be reduced to once or twice a week. That would be quite sufficient. It would probably be an acceptable solution. It would mean fewer publicity flyers to pick up and line the trash with.

**Mr. Nick Whalen:** Mr. Boisclair, you have the floor.

**Mr. Maurice Boisclair:** This would be more applicable in a rural or remote area. Mr. Leduc is in a better position to answer that question since he is the director general of the FADOQ-Laurentian Region, which extends from Rivière-des-Mille-Îles to—

**Mr. Michael Leduc:** To Ferme-Neuve. There are 76 municipalities in the northern region.

**Mr. Maurice Boisclair:** To Ferme-Neuve.

Such a service in the northern part of the region would certainly be well received. Aside from the absence of a service outlet providing immediate services, the citizens of Lorraine are well served.

**Mr. Nick Whalen:** Would it be preferable that another enterprise, such as a credit union that already provides services in rural areas, offer postal services instead of Canada Post?

• (1545)

**Mr. Michael Leduc:** I would lean toward the credit union solution. They already exist and have roots throughout the area. In my opinion, that solution is preferable, rather than launching something new. I think that people have a stronger attachment to credit unions than they would to a new bank. However, the digital age is changing the banking experience.

If I am not mistaken, there are approximately 6,000 post offices. Would you have to install 6,000 reinforced concrete vaults and alarm systems in order to be able to keep lot of money? In any case, you already have vaults because stamps are valuable. I don't know if creating such spaces would be worth it. Perhaps a study was done indicating that this could be quite interesting and economically viable, but we don't know.

In fact, I think I would prefer a collaboration or synergy between existing businesses.

**Mr. Nick Whalen:** So there is a possibility of creating partnerships between actual banks and Canada Post. Do you think that other services that are not being offered could be provided in our 5,400 postal facilities in rural regions in Canada?

**Mr. Georges Flanagan:** I mentioned that earlier when I made my presentation.

The members I represent are satisfied with Canada Post services. They are satisfied with the services they receive. As I said, the only issue is door-to-door delivery, but that is not the case for everyone. This only affects some seniors, approximately 20% to 25% of them. That is an approximate number.

**Mr. Nick Whalen:** If there is not enough money to offer all of that, do the services have to be subsidized? Are we going to increase prices?

**Mr. Georges Flanagan:** As I said earlier, in the past, Canada Post was a department, the Post Office Department. It was close to the

government, because it has always provided an essential service for the population, just like health services, road maintenance, and so on. It is an essential service.

Would there be a cost to guaranteeing home mail delivery to seniors? As you said, this is subsidized. If there is a cost, it would have to be subsidized. Seniors who like myself do not have special needs would not be entitled to home mail delivery.

[*English*]

**The Chair:** Thank you.

We have two more intervenors who have five minutes each.

Monsieur Gourde.

[*Translation*]

**Mr. Jacques Gourde:** Thank you, Mr. Chair.

I thank all of the witnesses for their openness and for sharing their members' experience. I think this is really interesting.

Mr. Flanagan, I took good note of your idea of providing services for persons of 80 or more. Choosing a certain set age would probably be less complicated than asking those who are 80 or more and who can still get around to go and obtain the certificate. We know that people who are in good shape want to walk. Making things more automatic for those who have mobility problems is an avenue that Canada Post should explore.

Snow removal is also an issue in winter, and finding a mechanism or investing a bit more money into that and seeing to it that snow is removed would help a lot of people. Even when you are 50, walking on ice is not safe. In this regard, Mr. Boisclair, you are entirely correct.

All things considered, your testimony indicates that things are not going too badly. As for twice-a-week mail delivery, I think that the current situation is tolerable. There are fewer letters today, and we don't necessarily expect bills every day. Whether we receive them on Tuesday and Thursday or Monday and Wednesday will not change much in people's lives. In any case, given the digital age we are in, 70% to 80% of messages arrive by electronic mail.

Is there anything else you would like to say to Canada Post? Do you want to suggest that they be careful with any given sector? Have you covered all of the issues?

• (1550)

**Mr. Georges Flanagan:** We have virtually covered the waterfront.

**Mr. Michael Leduc:** In the document, I believe I read that the organization is trying to avoid osmosis among the sectors so that a sector that is losing money is not subsidized by another that is making money. Did I understand the document correctly in that regard? I note that the letter-post service is losing ground, while the parcel delivery service is on the increase. The parcel delivery service, which generates more profit, can subsidize mail delivery. Is that a possibility?

**Mr. Jacques Gourde:** You would need to ask Canada Post whether in its overall study of sectors, some were found to generate more profit than others. In the final analysis, if the corporation goes bankrupt, the sectors...

**Mr. Michael Leduc:** Clearly, comparisons were made. It's an accounting matter.

I believe that insofar as our members are concerned, and the document mentions this, Canadians in general think that the services Canada Post provide are good. Clearly, home mail delivery should not be eliminated for the clientele that needs it. I think that people can survive with once-or-twice-weekly mail delivery. Pension cheques are no longer delivered by mail but rather by direct deposit. The Admail service loses a bit of money, but it seems to be becoming a flagship product, much to the dismay of many seniors who feel this is junk that just goes into the garbage. Perhaps we will be become more ecologically responsible by emptying our mailbox twice a week rather than five times a week.

I think it is a good thing that the urban dynamic is very different from the rural dynamic. The document explains this well. Obviously, it is not a good idea to install superboxes on very busy streets, and Canada Post seems to have understood that well.

We could see to it that post offices deliver Service Canada services. There are three Service Canada offices in our area, in Mont-Laurier, Sainte-Adèle and Saint-Jérôme. I don't know if there's one in the Lower Laurentians. In fact, the population of various communities could go to the post office to obtain various documents provided by Service Canada.

As to the possibility of turning post offices into businesses, the available space precludes that. Already there is not much space left over for marketing, given the little banks and the stamps. I doubt that that could be a profitable avenue.

To conclude, I think that Canada Post, which has reached the digital age, could carve out a good place for itself with a digital cloud per post office. Without competing with current telephony, it could offer WiFi service. There is a market to be explored there, especially in rural areas.

Thank you very much.

[English]

**The Chair:** The final intervenor will be Ms. Ratansi, for five minutes, please.

**Ms. Yasmin Ratansi:** Thank you.

Thank you all for being here.

I have a question, and any of you can answer. Canada Post was created to connect Canadians from coast to coast to coast, and it has been a national symbol. Would any of your communities be able to accept a Canada without Canada Post?

[Translation]

Yes or no?

**Mr. Michael Leduc:** Generally speaking, the answer is no.

**Ms. Yasmin Ratansi:** No. Fine.

Mr. Flanagan, did you want to add something?

**Mr. Georges Flanagan:** Absolutely not.

As I said earlier, this is an essential service. Privatizing an essential service means that people are going to make money with an essential service that belongs to Canadians. I don't think that is acceptable.

• (1555)

**Mr. Maurice Boisclair:** I think that Canada Post has to remain a corporation as it is currently, but it has to be able to evolve its practices in order to survive and adapt to society.

[English]

**Ms. Yasmin Ratansi:** Thank you.

The next question is, do any of you have any corporate offices in your region where people go to those offices, because Canada Post was planning to franchise those offices? When we were talking about external or expanding the services, you talked about banking not being very feasible, but you could go to the cloud. But then we heard only 32% of the population, the aging population, has access to it.

Number one, have you got a corporate office in your region, in your area?

No.

So you haven't been to that, and you wouldn't be able to access any services. In the rural areas, that's what they are trying to see. In the urban centres, we don't need it because we have banks that are accessible and we have services that are accessible.

Has anybody done a MoneyGram transfer via Canada Post?

No. Okay.

I'm trying to figure out what would be the most feasible service that Canada Post can provide, because the picture that has been painted for us, for the task force, and for Canada Post, is a bleak picture and we want it to survive.

You said if it streamlines itself or creates more service.... What sorts of services do you think it should provide?

[Translation]

**Mr. Maurice Boisclair:** We answered that question earlier.

In remote areas, there may be enough space. Perhaps we could bring back the Internet café? I don't know. That type of business may be dead and buried.

As for digital services, seniors are a bit tired. Sunday afternoon, they have the grandchildren pushing them in the back and sometimes they push a bit too hard. The Facebook account is created by the granddaughter on Sunday afternoon and is not used on Monday evening by the grandmother or the grandfather. They don't necessarily know how to use it. The technology that is now available is already sufficient for most of them. Most elderly people do not have a cell phone. When they purchase a phone, they ask for the least complicated one.

[English]

**Ms. Yasmin Ratansi:** Do you have any other input, because you need to help us, to say how we—

[*Translation*]

**Mr. Georges Flanagan:** I would like to add something to what Mr. Boisclair was saying.

Whenever my members acquire a membership card, I ask them some questions to know who I am dealing with. I ask them whether they have an email address, for instance. Out of 430 members, 160 have an email address. The others do not have Internet services. When you talk about the digital environment, seniors are not very interested in that.

[*English*]

**The Chair:** We'll have to cut it off there.

Gentlemen, thank you so much for appearing before us and, more important, thank you for all you do on behalf of your organizations and your clientele. It's very much appreciated.

Colleagues, we are adjourned for the day.

Meeting adjourned.

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